FINANCIAL TIMES

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SUMMARY

…ai …t …arning for U.S.

The U.S. Congress was warned last night that its attitude could prove the make-or-break factor *in the new Sinai settlement.*

A senior official aboard the aircraft shuttling Dr. Kissinger *from Jerusalem to Alexandria* last night said Israel would probably *refuse* to sign the accord unless Congress approves American volunteers taking part in the peace-keeping operation.

The two sides are expected to initial the agreement on Sunday *or Monday, but formal signing* was planned for Geneva in mid-September after President Ford, *as he has pledged, has submitted* the matter to Congress for approval.

Senator Mike Mansfield, the Senate majority leader, announced earlier this week that he opposes the pact. **U.S. aid, Page 6**

Explosion injures 29

A round-the-clock security system to prevent looting was set up last night at a 15-storey tower block in Bootle where 29 people *were injured in a gas explosion* earlier in the day. A team of experts is examining the block, *in which some of the flats will* need completely rebuilding. Some 50 people were still without accommodation last night.

Corsica riots

France may send paratroops to Corsica, the government warned yesterday after a night of rioting which left a policeman dead and *18 others injured. This brought* to three the number of police killed in clashes with separatists in the past week and three new companies of riot police were drafted into the city of Bastia. **Page 5.**

Emperor's hoard

The Swiss Government has said it is prepared to mediate between the Ethiopian Government and Swiss banks in an effort to *persuade the banks to divulge* the whereabouts of the late Emperor Haile Selassie's fortune, estimated at between $36m. and $100m.

Fatal error

A children's book which mixes up mushrooms and toadstools in a picture caption is to be withdrawn by publishers IPC because it could cause a fatal accident. The book, the Look and Learn *9th Book of the Wonders of* Nature, transposes captions so that a reader might be led to believe the Death Cap toadstool is harmless.

For Davis

Another man claiming to have been involved in the sabotage of the Headingley Test wicket gave himself up to police in London yesterday. He is Richard Ramsay, 26, of Stratford, who told *reporters: "I did it for George* Davis."

People and places

Four Sikhs who defied the law by riding motor-cycles without crash helmets were fined £10 each in Coventry yesterday. All said they would go to prison rather than pay.

Former Irish Republic President Eamon de Valera was still very weak at a Dublin nursing home yesterday and his condition was causing "much concern."

A *woman was in voluntary* quarantine in Blackburn yesterday after a holiday in New Quay, *Dyfed, Wales, where two chil-*dren have contracted polio.

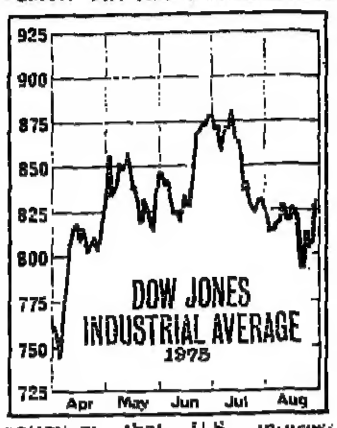
Australia were 280—1 at the close on the first day of the final Test at The Oval: McCosker 126, Ian Chappell 142. **Page 2**

A dispute over etiquette on a Washington golf course yester-*day left one player in hospital* with a fractured skull, two others with stitches to the head and *four broken golf clubs held by* police as evidence.

BUSINESS

Wall Street jumps 22 points

● **WALL STREET** made one of its strongest gains this year, with a jump of 22.45 points to 829.47. The rise is attributed to



optimism that U.S. interest rates were close to their peak. Trading, at 14m., was *heavier* than in previous days.

● **IN LONDON**, the rise in equities was more modest. *Shares took a fresh boost* from the miners' vote in favour of the Government incomes policy and the FT 30-share index closed 6.5 higher at *322.4. GILTS, however,* were quieter and changes minimal. The Government Securities index remained unchanged at 60.87.

● **THE POUND** lost five points to close at $2.1100, its depreciation improving to 27.6 per cent. (27.7), while the dollar's widened to 2.52 per cent. (2.51).

● **GOLD** was up 50c at $161¼.

● **LORD O'BRIEN**, retired Governor of the Bank of England and Sir John Prideaux, chairman of NatWest, are to be directors of a new consortium bank in London, the Saudi In-*ternational Bank.* **(Back Page)**

● **BARCLAYCARD** is to raise the *rate of interest on its loans to* its 3m. cardholders from 1½ per cent. to 2 per cent. a month from November. **(Page 6)**

Lloyd's 1972 profit a record

● **LLOYD'S** made a record profit *£92m. for its 1972 account.* The accounts, which are left open for three years, will be "mediocre" for 1973 and "bad" for 1974, the chairman warns **(Page 7)**.

● **BRITISH AIRWAYS**, which made a £9.4m. loss last year, could have broken even, but for £11m. in revenues lost through industrial action, says the chair-*man, Sir David Nicholson.* BA has plans, including increased Shuttle services, to aid profit-*ability* **(Page 7)**. *Fares will be* discussed at the IATA conference in Geneva next week, and most airlines will be pressing for higher fares. **(Page 7)**

LABOUR

● **SWAN HUNTER** shop stewards are to recommend an end to the eight-week strike by 5,000 *shipbuilding workers at* mass meetings next week, thus dropping their challenge to the *Government's £6 limit.* **(News Analysis Page 8.)** But the three-month-old work to rule by 2,500 West of Scotland firemen is to go on, and talks to end the **Birmingham Post** strike are to resume to-day.

COMPANIES

● **LADBROKE** Group reports record first-half pre-tax profits of £5.06m. against £3.45m. and is to raise £2.3m. by a 1-for-1 rights issue at par. **Lonrho** turned in a 35 per cent. increase in the third quarter, with three-month profits of £14.9m. against £11m., bringing the total for nine months to £35.2m. **Associated** *Portland Cement, though dogged* by fall-off in demand, still pulled its profits up from £9.5m. to *£18.1m. for the first half.* **(Page 17 and Lex).**

Miners back £6 in boost for pay policy

BY JOHN ELLIOTT and JOHN WYLES

THE GOVERNMENT'S new pay policy received a significant boost yesterday from Britain's 260,000 miners only a few days before the annual Trades Union Congress debates the £6-a-week pay limit next Wednesday.

By a majority of three to two, it was announced yesterday, the *miners have voted in pit-head* ballots to support the new policy. This means that the National *Union of Mineworkers will vote* in favour of the policy on Wednesday.

The news was greeted as "evidence of the broad-based support from working people" for the policy, by Mr. Jack Jones of the Transport Workers, and as an indication of "massive support among the community generally" by Mr. Len Murray, TUC *general secretary.*

The majority was not as large, however, as some union *moderates had hoped, and Mr.* Mick McGahey, Communist vice-president of the NUM, made

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> Ballot details Page 8

it clear that he still wanted the miners to stick to their £100-a-week pay target *later this year.*

This means that the Left-wing of the NUM will be making a determined bid when their pay talks start this winter to make the union go for more than the £6 despite the ballot's result.

Other union leaders fear that *rising unemployment and prices* may ease the way for such a militant path which could undermine the stability of the policy.

But in Blackpool, where TUC leaders yesterday started their pre-Congress sessions of the TUC general council, the miners' result was seen as a significant fillip for the policy which looks like being approved by a 2-1 *majority next Wednesday.*

However, the precise form of the resolutions which will be put to the Congress on the £6 and on unemployment will not be known till 18 resolutions and 16 amendments already tabled for debate have been merged at the *week-end into maybe three or* four composite resolutions.

All that is certain so far is that the TUC's policy document on the £6 will itself be put to the Congress and it is this that is expected to be backed by a 6m. to 3m. majority.

For the rest, much will depend on how hard the Engineers push their opposition to the policy and on how much support they manage to harness from trade union leaders, who are increasingly worried over the sharply rising unemployment figures, for an eight-point plan of action against unemployment.

Yesterday, the TUC general council deferred considering these subjects and instead celebrated International Women's Year by agreeing to ask the *Congress to reject a 10-point plan* from a civil service union for a "working women's charter."

The opposition, however, stemmed not from principled objections from the male-dominated council to such a charter but from the fact that the proposed charter included calls for a general national minimum wage and for equal opportunity *of access into all occupations* and industries. The TUC is against these two ideas.

On broad economic issues, Mr. Murray backed the National Institute of Economic and Social Research report's suggestions that Government action might be *needed to keep unemployment* in check.

He also did not rule out the *possibility of there being a* second stage to the present pay policy when he said that a joint Government-TUC-CBI economic monitoring exercise would consider during the coming year what further action might be needed.

Referring to the miners, Mr. Murray claimed that the ballot result was specially significant because miners had for many years felt a sense of grievance about *their relative wage* position.

"The miners themselves know *that getting the economy straight* is the best guarantee for full employment on which the jobs and living standards of miners and all other sections of the community depend," he said.

But having secured a 39.5 per cent. vote against the NUM's recommendation to back the Government's pay policy, Mr. McGahey and other NUM left-wingers are confident that continuing inflation will strengthen *the challenge which they will* mount against the £6 limit later in the year.

Although this Left-wing attack is bound to put NUM moderates, who have only a one or two vote majority on the union's executive on the defensive over the next *few months, they were jubilant* yesterday at having won a 40,000 majority in the ballot.

Mr. Joe Gormley, NUM president, said it seemed the union's membership was "aware of the situation facing us" and willing to give a breathing space to the Government and the TUC to find a cure for inflation.

CASUALTIES IN OXFORD STREET BUS QUEUE

Bomb blast in West End

A BOMB exploded in London's Oxford Street at about 10 p.m. *last night. First reports said* several people were hurt.

A man with an Irish accent called the Sun newspaper switchboard with a five-minute warning. He said: "A bomb has been planted in Peter Brown's shop, Oxford Street. It will go off in five minutes." Before hanging up—the call was made from a call-box—he added: "They're in *London now.*"

Peter Brown, a men's outfitters shop, is at 25 Oxford Street, with offices of the Prudential Assurance Company and others above it.

It is on the South side of Oxford Street about 100 yards *from Tottenham Court Road,* and close to the underground station. The people who were injured were mostly from a bus queue at the stop outside the shop.

A policeman said: "They seemed mostly to have just shock with a few cuts and *bruises. They have all been* taken to hospital."

Meanwhile police investigating Wednesday night's Caterham pub bombing said they want to interview two men with Northern Ireland accents who left the pub just before the explosion. The bomb, which went off in a crowded discotheque bar, injured 33 people, four of them seriously.

The Provisional IRA has disclaimed responsibility for this *attack and has stressed that* it considers the eight-month-old ceasefire still to be in *operation.*

But militants inside seven Provisional "brigades" in Northern *Ireland* are now reportedly restless and it is possible that similar activists *in Britain may have acted with-*out the authority of the Provisional's ruling seven-man Army council.

Mr. Liam Cosgrave, Ireland's Prime Minister, called on the British Government to take "appropriate action" to halt the sectarian killings in the province.

In a statement on RTE state radio he warned that violence, which has pushed up the death toll by 200 per cent. in the past three weeks over recent levels, and bombings were endangering relations between the two countries.

In London Mr. Airey Neave, *Conservative spokesman on* Northern Ireland, said broad Opposition support for Government policy would continue.

After a meeting with Mr. Merlyn Rees, Secretary for Northern *Ireland, he said they* agreed the Caterham blast was not immediately related to the *failure of power-sharing talks* in the Province.

He said Mr. Rees insisted that the release of detainees from Long Kesh would continue unless there was a return to full-scale para-military violence.

***The prospects of political* settlement also receded yesterday. Sir Robert Lowry, chairman of the constitutional Convention made it clear in a statement that inter-party negotiations on a new form of devolved government have broken down. The Loyalist UUUC coalition and the Catholic SDLP could not agree on power-sharing.**

Engineering outlook 'grim': further drop in orders seen

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE "grimmest and most pessimistic" survey produced by the Engineering Employers' Federation since the first in 1968 shows that half the companies questioned expect new orders from the home market to continue to *fall during the next year.*

Only 20 per cent. forecast a volume increase. The survey *holds very serious implications* for employment prospects in the industry, which has the U.K.'s largest workforce

It is also the country's biggest *exporter and the industry is only* slightly less pessimistic about exports than it is about the home market. Some 37 per cent. of the 798 companies surveyed are looking for a rise in export orders in the coming 12 months. But 23 per cent. expect them to fall.

The survey also shows the industry has doubts about its *ability to take advantage of the* next economic boom when it comes along. Shortages of working capital and of skilled men are the two main factors likely to cause problems.

As in previous economic downturns, the industry has been *de-stocking and in normal cir-*cumstances this has improved liquidity, leaving cash available to finance the next upturn. "To-day, however, this will not happen since inflation greatly affects the value of working capital," the EEF points out.

"*When orders revive* the increased level of business will be very difficult to finance. Even if *this problem can be overcome by* more borrowing and if changes in traditional gearing ratios become acceptable, the interest will increase costs."

There is no chance of the industry financing itself during the next boom from retained profits either because, according to the EEF, "profits, which have been low for a long time, have now fallen to levels which threaten future prosperity." Although a 2 per cent. increase *in gross trading profits was re-*ported for last year, "this was against a background of a 21 *per cent. rise in inflation in* 1974-75."

> ## Spending drops
>
> **Manufacturing industry's capital spending *dropped* another 7 per cent. in real terms between the first and second quarters. Manufacturers' stocks fell £130m. in real terms—the first overall fall for two and a half years *except for the three-day week* period. Back Page.**

Nearly one-third of the companies surveyed regarded shortages of skilled manpower as likely to be a major problem in the months ahead. In addition, there has been a sharp *drop in apprentice intake.*

Paradoxically, the shortages exist side by side with overmanning. A pilot manpower survey by the EEF has confirmed that *there is serious* overmanning in many parts of engineering. This includes overskilling the employment of skilled men on jobs which do not require their skills. There is also evidence of overmanning in white collar grades.

"A new look by both sides of industry into the whole problem of manpower in engineering *is urgently required,*" the *report* insists.

Among other anxieties shown by the survey is a large and continuing increase in unit costs of production *over* the past two years.

The dramatic change in home orders is mainly a reflection of reduced investment by the rest of industry but it has led to a reversal of the engineering industry's own investment plans. *A year ago* nearly eight out of ten companies surveyed were planning to buy more plant and machinery. By April this year, when the survey was carried out, the figure had fallen to 25 per cent.

The report traces many of the U.K.'s *postwar problems* to the fact that "we have for many years been spending too much on current consumption instead of on investment for the future. Until we bring our levels of consumption more into line with those of countries like France and Germany there will not be sufficient resources available for investment on the scale needed."

The continued growth of public spending also has serious implications for industry, states the EEF.

The federation maintains that during the coming months a major effort must be made by the Government, the industry and trades unions to reach agreement on the next phase of the incomes policy.

There should also be a major effort, initiated by the Government but preferably on a tripartite basis, to reach agreement on economic policies which would encourage growth and *investment* and reduce cyclical fluctuations in demand.

"At the same time, there should be an attempt to reach a consensus between the political parties which will avoid the major reversals of policies affecting industry by successive —and sometimes even the same —Governments.

"We cannot repeat too often that unless we can have more consistent and stable economic policies than we have had in the recent past, the private sector of industry will not have the confidence to invest."

The EEF joins those organisations which would like to see the *National Economic Development* Office, which already provides the machinery for tripartite discussion, used more effectively for the planning of economic policies.

***Engineering: The Continuing Uncertainty.* EEF £2.50.**

Editorial comment, Page 14

House building recovery goes on

BY MICHAEL CASSELL

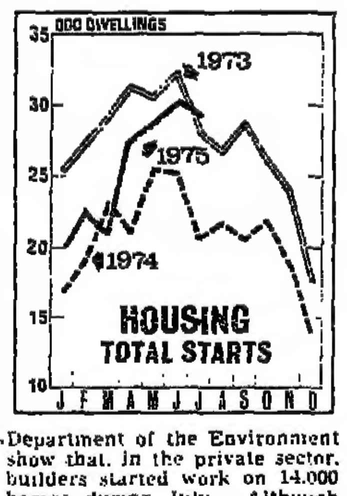
THE SHAKY *recovery in the* house building sector continues, though many contractors are still clearly reluctant to embark on major programmes because of the uncertain prospects for sales.

By comparison with last year's dismal performance, the housing sector is now considerably more buoyant, with activity at encouraging levels on both the private and local authority front. But output is still historically low and this year's programme is expected to show only a *modest overall improvement on* 1974.

There is evidence that builders in the private sector are stepping up work in the lower price ranges since cheaper houses are finding ready customers at a time when building *society funds are plentiful.*

In the higher-price brackets, however, houses are still proving difficult to sell and new activity is therefore at a low *point.* Council house construction remains at a reasonable level although there are doubts *about how long this will con-*tinue, given the financial difficulties now confronting local *authorities.*

Provisional figures from the



Department of the Environment show that, in the private sector, builders started work on 14,000 homes during July. Although this represents a small fall on the previous month, the rate of starts is now running at twice *the level achieved a year earlier.*

Council housing starts remain fairly constant, with the July *total standing at 15,000.* A year before, a start had been made on 11,000 local authority homes. At 29,000, the combined total of new housing starts in July was marginally down on June but 11,000 up on the same month in 1974.

In contrast, the present rate of housing completions reflects the poor levels of building activities recorded throughout 1974—one of the most disappointing years since the war as far as housing is concerned.

In the private sector, only 12,000 homes were made ready for occupation in July, a drop of just over 1,000 from the pre-*vious month, but about 2,500* better than in the same month last year.

Council house completions were better, however, with the July total reaching 15,000 against 13,700 in June and only 10,700 12 months before.

Combined total for all types of housing completions in July, at 27,000, represented a further marginal improvement over the previous month and compares with a July 1974 total of 20,000.

Taking the latest three-month period to reduce the effect of monthly fluctuations, the Depart-*ment says that total housing* starts between May and the end of July were 2 per cent. up on the preceding quarter, and 25 per cent. higher than a year earlier.

Total completions, on the other hand, were also 2 per cent. up on the previous months and 28 per cent. up on the same period in 1974.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated.)

RISES		
Assoc. Dairies	190	+ 8
Assoc. P. Cement	*160*	+ 12
BTR	136½	+ 5
Beecham	295	+ 5
"Bats"	290	+ 7
Brittains	30	+ 2½
Chloride	94	+ 5
Concrete	53	+ 5
Dawson (Jas.)	47	+ 5
Ever Ready	97	+ 5
Glaxo	348	+ 5
Guinness (A.)	114	+ 4
Hawker Siddeley	298	+ 14
Haslemere Estates	190	+ 5
Hill & Smith	64	+ 10
Inchcape	379	+ 9
Kwik Save	209	+ 16
Ladbroke	171	+ 12
Land Securities	161	+ 7
Lec Refrigeration	62	+ 11
Marley	80	+ 6
Matthews Wrightson	138	+ 6
Nurdin & Peacock	85	+ 7
Redfearn Nat. Glass	48	+ 6
Redland	90	+ 5
Thorn Electrical	182	+ 8
Tube Investments	278	+ 6
Tunnel 'B'	138	+ 8
Unilever	384	+ 6
Wheatsheaf	142	+ 12
White Child & Beney	43	+ 5
BP	538	+ 18
Shell Transport	334	+ 8
North Broken Hill	128	+ 8
Tara Expln.	£11½	+ 1
Union Corp.	555	+ 25
Zambia Copper	55	+ 4
FALLS		
Berry Wiggins	66	− 5
Johnson Matthey	240	− 15
Pancontinental	570	− 40

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LOMBARD

No experience required

BY ANTHONY HARRIS

ONE OF the most telling encounters I have ever had to report (skip this paragraph if you know the story) was a meeting at which a very senior Treasury economist explained to a meeting of business economists why Government investment had to be planned five years ahead, as Plowden prescribed. The diseconomies of chopping and changing were too great. And why, asked a business economist, was it assumed that private industry could chop and change in response to demand management without incurring similar costs? The Treasury man didn't even attempt an answer.

Provocative

What brought this encounter back to mind was a rather rambling but very provocative address to the British Association yesterday by Dr. Terence Price, who was reporting his thoughts after three years in private industry, following a long civil service career. I have space to reflect only on a few of his observations. They may not individually seem very new—which is hardly a criticism, since our troubles are a good century old; taken together, they are far more suggestive. Let me then set down four, quite badly, and see how they mix.

Dr. Price believes that one cause of our decline is the lack of practical, operational experience among those who run the great economic departments. (This, of course, is where we came in.) He also accuses the public service of draining the private sector of intellectual talent. In technology, he says, we have misdirected our effort. And he complains that Government policy, as seen from outside, is both opaque and capricious.

What is unusual about this familiar catalogue of complaints is Dr. Price's insistence that they all connect up.

You can connect them up, as Dr. Price does, through a great matrix of cause and effect; but his remarks also suggest a rather different approach—an attempt at self-knowledge. We in Britain like to believe of ourselves that we are pragmatic, distrustful of dogma, and that we are frank and open. Our main fault, if we would admit one, is being a little hidebound—too wedded to old ways.

Most people have delusions about themselves, like the miser who believes that he is overgenerous: and Dr. Price's remarks suggest that we are more than usually deluded. The things we do suggest almost the exact opposite of our self-image—a country whose governors are secretive, unpractical, rather gullible, restlessly experimental, and hidebound only in their devotion to outdated institutions, old bottles which we endlessly swill out with new wine. If you reflect on the virtues and vices of British government — the luminous intelligence of our senior civil servants combined with their profound silliness in practical affairs—you may perhaps conclude, as I do, that they reflect very closely the strengths and weaknesses of the academic mind. C. P. Snow has found in university life a far more vivid model of British public affairs than any overtly political writer, and this is no accident.

Donnish

British economic management is donnish not only in style, but in cold fact. The economic advisers of our main ministries—and for that matter many of the executives even of such a practical institution as the Bank of England—are recruited mainly from the universities. They are selected, as it were, for intellectual arrogance and practical innocence. Like dons, they are always looking for a single idea that will break through a mass of problems—a formula for monetary control, for incomes policy, for managing the economy through new taxes, or devaluation, or planning; like dons, they are quick to drop ideas which have been found wanting, and try new ones. Like dons, they are impatient of outside views, because they are cleverer than those with whom they deal.

The remedies which Dr. Price suggests for these shortcomings will not appeal very strongly in Whitehall, because they are not new or particularly clever. He wants the Fulton recommendation that senior civil servants should work spells in the private sector put into practice. He hopes that planning agreements will expose administrative thinking to practical constraints, and create some commitment to consistent policies. He wants business skill brought to spending decisions.

Above all, perhaps, he wants patience and persistence, less faith and more hopeful hard work, a process of learning to make our administrative methods effective. This is perhaps the hardest suggestion to put into practice: dons did their learning years ago: they now research and teach.

SAIL FESTIVAL

Romanian ship accident averted

By Alec Beilby

DURING THE early hours of yesterday morning near-disaster struck the Romanian training ship, Mercea, one of the largest square-rigged ships, as she lay at moorings downstream from Tower Bridge off Cherry Garden Pier.

As the tide turned, her mooring lines downstream slackened and her stern swung towards the shore, her keel resting on an old submerged platform. She tilted up to 30 degrees before the flood-tide began to right her.

Yesterday morning the ship was moved upstream through Tower Bridge and berthed alongside the Naval guardship to the *regatta*, HMS Londonderry. The Romanian crew then set about putting right the damage, their own divers inspecting the hull for possible damage.

Yesterday was the most strenuous in the week-long programme organised by the Association of Sea Training Organisations, the international body responsible for arranging for so many training ships from around the world to come to London for the Festival.

Crews from almost every ship took part in the heats of the sea boat rowing races in the river, the expertise of the young naval trainees being a marked contrast to the less-serious contests between the many shore-bound branches of the PLA on Wednesday.

Ashore, those not rowing were competing in the inter-ship tug-of-war in the moat of the Tower, preceding the impressive beating retreat by the Royal Marines.

To-day's Events

9 a.m. to noon—Inter-ship tug-of-war competition, heavy-weight division, Tower of London.

9.30 a.m.—Cadet dinghy tideway race, Putney to Tower of London.

12 noon—One-man hovercraft race, Vauxhall to Blackfriars circuit.

2.20 p.m.—March to Guildhall by cadets and trainees for prize-giving reception.

2.20 p.m.—Cadet dinghies tideway race, Tower to Putney.

5.30 p.m.—Royal review of assembled ships in the Upper and Lower Pools of London.

8.30 p.m.—Clipper Race Ball at Royal Naval College, Greenwich.

9.30 p.m.—Gala firework display at Greenwich.

TENNIS — BY JOHN BARRETT

Mottram loses to Pasarell

NEW YORK, Aug. 28.

THE NIGHTMARE continues for Stan Smith. In the first-ever session of night play at Forest Hills on Wednesday, the man who won this U.S. Open title in 1971 and holds altogether 21 U.S. titles (a total second only to that of the legendary Bill Tilden) lost his opening match 6—4, 6—2 to the tenacious New Zealander Onny Parun.

In 52 minutes of agony, both mental and physical—Smith is suffering from golfer's elbow—the tall, proud Californian who was the indisputable world champion only three years ago, was quite unable to put his powerful game together on the slower grey-green clay surface that has replaced the grass this year. Three breaks of serve, one in the first set and two in the second were all Parun needed as he swept continually forward himself to force Smith to commit himself on his passing shots.

I doubt if ever before a player of such class who has held both titles has lost in the first round at Wimbledon and Forest Hills *in the same year*. Last June it was the young South African Byron Bertram who swept through his defences for the loss of only four games and since then he has failed to win a match of note. It will take a Herculean effort of will for this fine, sporting player to restore the gaping holes in his confidence.

The 5,000 spectators who attended this first night session were hugely entertained in the second match when Tom Okker of Holland, hitting his explosive shots like a firecracker, was simply too fast for the talented German, Jurgen Fassbender, who he beat 6—4, 6—2. The score was identical to that of the previous match but there was a gulf of difference in the quality of the performances.

The players seemed to enjoy the cooler conditions of evening tennis under the bright lights of 150 foot candlepower and once the public has been educated to post-dinner play this new experiment in augmenting tournament income might prove highly successful.

One who did not have the advantage of floodlights was Britain's third-ranked player Buster Mottram. Playing against the ninth-ranked American Charlie Pasarell he was halted in mid-stride by the failing light when leading by 3—1 in the deciding set and looking a likely winner.

When they continued at 10.30 a.m. to-day the 20-year-old Briton moved calmly into a winning position by holding two service games that took him to 5—2 and it seemed as if he might repeat his 1974 Wimbledon victory over the Puerto Rican.

But, unaccountably, he teetered on the brink of victory. Serving at 5—3 he fell 15—40 behind, recovered to 30—40 but missed a backhand volley to lose the game. In the next game he had two match points on the American's serve at 15—40 but lost both—the first with a cross-court forehand that missed by feet and the second with a tentative backhand passing shot that Pasarell leaped at to smite away a winner.

Pasarell added ten more consecutive points to those two and accelerated away to a victory that he had seemed unlikely to achieve. It was as though Mottram, at the moment of achievement, had switched off, a failing due partly perhaps to a relative lack of recent match play following an arm injury.

The first of the women's matches brough an inspired display from Evonne Cawley, the beaten finalist here for the past two years. Playing against her regular doubles partner, Peggy Michel, of California, with whom she has won the Wimbledon and Australian titles, Mrs. Cawley produced a series of glorious, flowing winners that gave her a bloodless 6—0, 6—0 victory in barely 30 minutes.

As the other British girls were busy with their opening matches there was news of a new international event. The Nations Cup, an eight-nation trophy on Davis Cup lines, will be held at Kingston, Jamaica, from September 29 to October 5. The event, which is being sponsored by Reynolds Metal to the tune of $100,000, has been organised by the Association of Tennis Professionals as a precursor of a new-look Davis Cup competition.

RACING — BY DOMINIC WIGAN

Distance suits Sportsky

LESTER PIGGOTT, who has enjoyed mixed fortunes in France during the past few days, has been secured by Clive Brittain for *Sportsky* in to-day's Autumn Maiden Plate (2.0) at Sandown, and with Zaskar a surprise absentee, I shall be dis*appointed if the combination* fails.

Sportsky, a hitherto disappointing Nijinsky three-year-old, who has failed to live up to his juvenile promise, ran much his best race to date this term, when a close third behind Sir Toby and Mount Blessed in the one-mile Monkton Stakes at Ripon a fortnight ago.

There, Sportsky, staying on strongly in the final quarter-mile under strong driving from Frank Morby, would almost certainly have come out on top had the race been over an additional furlong. To-day's 1¼ miles will suit Britain's three-year-old admirably, and I anticipate him opening his account at the main expense of Thornton Green, a 1½ lengths runner-up to Lichen Lady at Newmarket on his last appearance.

A second possible winner for Piggott is Bernard van Cutsem's lightly-raced two-year-old Stormy Affair in the highly competitive Orleans Nursery (2.35). However, one I have slightly more regard for here is the unbeaten

SANDOWN

2.00—Sportsky**
2.35—Ippolyti
3.10—Zelotta
3.40—Duke Ellington
4.10—Regal Rocket
4.45—Tzaritsa

CHESTER

2.15—Flying Bridge
2.45—May Beck***
3.15—Gliding
3.45—Brompton Square
4.15—Red Reef
4.45—Amy*

Ippolyti, bidding for her fourth success after easily-gained victories at Chepstow, Wolverhampton and Newmarket.

On her most recent outing, this bay filly by Derring Do out of that good French beige mare, Sand Fly, put up a particularly praiseworthy performance when defeating Petulia by seven lengths on the July course.

Turning to Chester, where racing is scheduled to begin with the Cheshire Toms and Cats Handicap (2.15), it could well pay backers to follow the fortunes of Noel Murless and Sandy Barclay. I expect the Warren Place trainer, who, with only 17 winners to date this season, has been having his leanest campaign for many years, to achieve a double here through *May Beck* and *Gliding*.

May Beck a well-made chestnut half-sister by Welsh Pageant to Lowna, was headed only a hundred yards from home when third behind Louise Valliere and Touch of Silver in the six-furlongs Daxford Stakes on Newmarket's July course early this month. She will be ideally suited by the sharp five furlongs of the Combermere Stakes (2.45) and unless there is a smart newcomer in opposition, I shall be more than surprised if May Beck is beaten

CRICKET — BY

Australia 28[0] and heading for a big tota[l]

ENGLAND, having lost the toss, spent a frustrating and unrewarding day in the field with McCosker and Ian Chappell, the Australian captain, taking full advantage of a placid pitch by scoring good, though not chanceless centuries.

They were assisted by some rather ordinary bowling and the fact that England only held onto one of three catches they were offered.

Underwood was England's best bowler and both Snow and Old had good spells. Unfortunately Edmonds was disappointing and it was difficult to see why an orthodox slow left arm bowler should require five fields on the leg side; and Woolmer hardly *measured up to the requirements* of a third seamer at Test level.

At stumps Australia had reached 280 for one despite the new ball being taken, somewhat belatedly, after 95 overs. Everything suggests the tourists are well on their way to a massive total and that England will be hard pushed to save the match.

At the start, Chappell naturally decided to bat first on what looked a good wicket, with rather more pace than the other Test pitches began with, and Turner came out to face the bowling of Old and Snow, Arnold having been omitted.

The new ball bowlers produced the most impressive opening spell. Turner, who was rather surprisingly preferred over the talented all-rounder Gilmour, was unhappy. It came as no surprise when Old had him caught at backward short leg off one that dipped in late with only seven on the board.

Neither McCosker nor Ian Chappell was comfortable and the latter might have been caught early on at leg slip. After 50 minutes Snow was rested and replaced by Woolmer and at the other end Greig decided to introduce spin from Edmonds.

Although there was still a certain amount of movement to be had for the seamers it was a reasonable experiment.

On the other hand, once it failed to produce the desired breakthrough it was difficult to understand why Old, the most successful of the bowlers, was not reintroduced, and why Greig who has been more successful with the ball this summer than Woolmer, never gave himself an over.

The outcome was that the Australians without undue difficulty cruised to 66 for 1 at lunch with McCosker on 39 and Chappell 23.

McCosker hits out at a ball from Snow.

The runs came with greater freedom and regularity in the afternoon session. McCosker reached his 50 which was emulated shortly afterwards by his captain. After a few overs from Old, Greig turned to left-arm spin from both ends.

At 114 McCosker should have been caught at slip off the, as always, tidy Underwood. However, Edmonds was unable to maintain the same accuracy and when Greig took over from him in the role of an off-spinner he also tended to stray off-line.

McCosker duly completed a fine century and when, one remembers, that he was robbed by vandals of the opportunity to do likewise at Headingly, nobody could say it was not fully deserved. Chappell followed him into three figures despite some excellent bowling by Underwood, who at 220 should have had him caught off a mistimed sweep. This meant that the Kent spinner had suffered the misfortune of having both batsmen dropped.

Greig had his first over of seam at 5.30 and immediately all but captured a wicket, which made one regret that he had not operated in this fashion some four hours earlier with a relatively new ball and with neither player well set.

TV/Radio

BBC 1

† Indicates programme in black and white.

10.00 a.m. Wacky Races. †10.10 Robinson Crusoe. 10.35 Josie and the Pussycats. 11.25 Cricket: Fourth Test, England v. Australia. 1.30 p.m. Along the Trail. 1.45 News. 1.50 Billidowcar. 2.15 Cricket and Rowing: Fourth Test, England v. Australia and World Rowing Championships. 4.23 Regional News (except London). 4.25 Play School. 4.50 Natural Break. 5.00 Scooby Doo. 5.40 Sir Prancelot.

5.45 News.
6.00 Nationwide (London only).
6.20 The Disney Adventure.
7.30 The Liver Birds.
8.20 Athletics from Crystal Palace.
9.00 News.
9.25 Quiller.
10.30 Beneath the News.
11.00 Athletics from Crystal Palace.
11.40 Weather/Regional News.
11.42 The Friday Film: "Every Man Needs One," starring Connie Stevens.

All Regions as BBC 1 except at the following times:—

Wales—6.00-6.25 p.m. Wales To-day. 6.25-6.35 Bugs Bunny. 6.35-7.05 A Question of Sport. 7.05-7.20 Heddiw. 7.20-7.50 Bod. 11.40 News of Wales.

Scotland—6.00-6.20 p.m. Reporting Scotland. 11.40-11.42 Scottish News Summary.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.20 Scene Around Six. 11.40-11.42 Northern Ireland News Headlines.

England—6.00-6.20 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth).

BBC 2

11.00 a.m. Play School.
4.30 p.m. Cricket: Fourth Test, England v. Australia.
6.40 World rowing championships.
7.30 News on 2.
7.35 Living on the Land.
8.00 The Year of the Bulldozer.
8.50 Live from the Proms.
9.45 Aqua-Cops.
10.00 Cricket: Fourth Test, England v. Australia.
10.30 The Carnforth Practice.
11.20 News Extra.
11.40 Closedown: Robert Gladwell reads "Conversation" by Louis MacNeice.

LONDON

†9.50 a.m. Bertrand Russell Speaks His Mind. 10.05 Wildlife Theatre. 10.30 Feature Film. 12.00 Bush Boy. 12.30 Sally and Jake. 12.40 Mr. Trimble. 1.00 First Report: News, plus FT index. 1.20 Lunch-time To-day. 1.30 The Andy Stewart Show. 2.00 Good Afternoon. 2.25 Racing from Sandown Park. 4.20 Robert's Robots. 4.50 Magpie. 5.20 The Flintstones.

5.50 News from ITN.
6.00 London—the Making of a City (part 2).
7.00 Winner Takes All.
7.30 General Hospital.
8.30 The Squirrels.
9.00 Police Woman.
10.00 News.
10.30 Cinema.
11.00 Police Five.
†11.10 The Friday Film: "Kill Me To-morrow," starring Pat O'Brien.
12.40 a.m. Just Bricks and Mortar?

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Women Only. 5.20 Wait Till Your Father Gets Home. 6.00 About Anglia. 7.00 Survival. 7.30 General Hospital. 10.30 Hawkins. 11.55 Men Who Matter.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. 6.00 ATV Today. 7.00 General Hospital. 8.00 Not On Your Nellie. 9.00 The Streets of San Francisco. 10.30 Extra Time. †11.00 Appointment with Fear: "The Night Caller"

BORDER

†1.25 p.m. Border News. 2.00 Women Only. 5.20 The New Adventures of Superman. 6.00 Border News and Lookaround. 7.00 The Protectors. 9.00 Police Story. 11.00 Late Night Film: "Dr. Blood's Coffin," starring Kieron Moore. *12.40 a.m. Border News Summary.

CHANNEL

1.25 p.m. Channel Lunchtime News. 2.00 Pulser. 5.20 The Osmonds. 6.00 Channel News. 6.10 Funky Phantom. 7.00 Survival. 9.00 Police Story. 10.30 What Have We Here? 10.55 Friday Late Night Movie: "The Ceremony." 12.45 News and Weather in French.

GRAMPIAN

12.10 p.m. Skippy. 12.35 Lunchtime Call. 1.20 Grampian News Headlines. 5.15 Wait Till Your Father Gets Home. 6.00 Grampian News. 6.10 One Northern Summer. 7.00 General Hospital. 8.00 The Protectors. 9.00 Police Story. 10.30 Perspective. 11.00 Men of the Sea, followed by Road Report. 12.00 Evening Prayers.

GRANADA

10.30 a.m. Sesame Street. 11.30 Clapperboard. 11.55 U.F.O. 1.20 p.m. Take Kerr. 5.15 Cartoon. 5.20 Crossroads. 6.00 Granada News. 6.05 Kick Off. 6.35 Randall and Hopkirk (deceased). 9.00 Police Story. 11.00 Mystery Movie: "Incident on a dark Street." 12.45 a.m. Theatre Macabre.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 5.20 Orbit 5. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 The Adventurer. 7.00 Not on Your Nellie. 9.00 Kung Fu. 11.00 U.F.O.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20-4.50 Cestyll Cantamil. 6.01-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

11.55 a.m. Man and His World. 12.10 p.m. Skippy. 12.35 Professor Balthazar. 1.25 Road and Weather Report. 2.00 Women Only. 5.20 Babar. 6.00 Scottish News. 6.05 Isabel on Friday. 7.00 The Chicago Teddybears. 9.00 Police Story. 10.30 Late Call. 10.40 A House in Regent Place. 11.05 Journey to the Unknown.

SOUTHERN

11.00 a.m. Japan. 11.20 Wait Till Your Father Gets Home. 11.45 Bugs Bunny. 11.55 Skippy. 12.20 p.m. Hammy Hamster's Adventures on the Riverbank. 1.20 Southern News. 2.00 Women Only. 5.20 Weekend. 5.25 Crossroads. 6.00 Day By Day (Channels 6, 11, 27, 42, 58 and 66). 6.00 Scene South East (Channels 10, 43, 64 and 66). 6.35 The Zoo Gang. 10.30 Afloat. 11.00 The Collaborators. 11.55 Southern News Extra. 12.05 a.m. Untamed World.

TYNE TEES

12.35 p.m. Starting Point. 5.20 The *Count of Monte Cristo*. 6.00 *Today At Six*. 7.00 Chopper One. 9.00 Police Story. 10.30 Sportstime. †11.00 The Friday Night Film: "Appointment With Crime," starring William Hartnell and Herbert Lom. 12.35 a.m. Late News Headlines. 12.40 Open Bible.

ULSTER

1.20 p.m. Ulster News Headlines. 4.18 Ulster News Headlines. 5.20 Wait Till Your Father Gets Home. 6.00 Summer Reports. 6.25 Police Six. 7.00 Chopper One. 9.00 Police Story. 11.00 Friday's Film—McMillan and Wife.

WESTWARD

11.59 a.m. Survival. 12.15 p.m. The Coastguards. 12.38 Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 The Osmonds. 6.00 Westward Diary and Sports Desk. 7.00 Miss Westward '75. 9.00 Police Story. 10.32 Westward Late News. 10.35 What Have We Here? 10.55 Friday Late Night Movie: "The Ceremony," starring Laurence Harvey. 12.45 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 5.20 The Count of Monte Cristo. 6.00 Calendar. 7.00 Hogan's Heroes. 9.00 Police Story. †11.00 The Friday Night Film: "Appointment with Crime," starring Robert Beatty and Herbert Lom.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Paul Burnett. 9.00 Tony Blackburn. 11.00 Noel Edmonds with The Radio 1 Roadshow. 12.30 p.m. Newsbeat. 12.45 Johnnie Walker. 2.02 David Hamilton (S) (also on VHF). 5.00 Newsbeat. 5.15 Rosko's Round Table. 7.00-12.33 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.55 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1500m only (also 202m Scotland). 2.45, 3.45 and 4.45 Sports Desk. 5.02 Waggoners' Walk. 5.17 Sam Costa (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Just for Fun. 7.30 Sports Desk. 7.32 Jack Dorsey (S). 8.32 Friday Night is Music Night (S). 10.02 Sports Desk. 10.03 Len Jackson (S) with Music Through Midnight including 12.00 News. 12.31 a.m. News Summary.

RADIO 3 — 464m, Stereo & VHF

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Beethoven (S). 9.50 Radio 3 At Nottingham: Concert, Part 1 (S). 10.30 Interval Reading. 10.35 Radio 3 at Nottingham, Part 2 (S). 11.25 Cricket: Fourth Test: England v. Australia. 1.35 p.m. News. 1.40 Playbill (S). 2.00 Cricket: Fourth Test: England v. Australia: commentaries including lunch-time scoreboard, feature and close-of-play summaries. 6.40 Study on 3. 7.30 Proms: Concert, Part 1: Prokofiev, Liszt (S). 8.40 Some Illusions of the West. 9.00 Proms: Concert, Part 2: Dvorak (S). 9.45 And Not to Yield. 10.05 Music Now. 10.35 Eric Harrison (died August 24, 1970), his last BBC recital. 11.25 News.

RADIO 4 — 434m, 330m, 285m and VHF

† Medium Wave only

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today including 6.50 VHF Regional News. 6.55 Weather, Programme News. 7.00 News and more of Today: 7.27 Sportsdesk. 7.35 Today's Papers. 7.45 Thought for the Day. 7.50 VHF Regional News. 7.55 Weather, Programme News. 8.00 News and more of Today: 8.27 Sportsdesk. 8.35 Today's Papers. 8.45 Good Morning Everyone. 9.00 News. 9.05 Voice of the People. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 With Great Pleasure: Rt. Hon. Shirley Williams. 11.50 A Choice of Letters. 12.00 News. 12.02 p.m. You and Yours. 12.27 Whatever Happened to the Likely Lads? (S). 12.55 Weather, Programme News VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour visits Birmingham (including 2.00-2.02 News). 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Johnny's Jaunt. 4.35 Story Time. 5.00 PM Reports. 5.50 Financial Report VHF Regional News. 5.55 Weather; Programme News. 6.00 News. 6.15 Brain of Britain 1975 (final). 6.45 The Archers. 7.00 News Desk. 7.30 Pick of the Week. 8.30 Galbraith and the King of the Diamonds. 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News including Friday Special. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight: Radio 4's International Business Report: Market Trends. 11.15 The John Cleese Sketch Book. 11.40 News.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.02 Downtown. 11.03 In Town. 12.03 p.m. Call In, including 12.45 London News Desk. 2.03 206 Showcase. 3.35 The London Gardener. 4.03 The Announcers: Frank Phillips, Part 1. 4.32 Home Run including London News Desk at 5.00, 6.00. 6.30 Sportsfield. 7.00 In Town. 8.00 Good Fishing. 8.35 London Country. 10.03 Single File. 12.00 As Radio 2 until closedown.

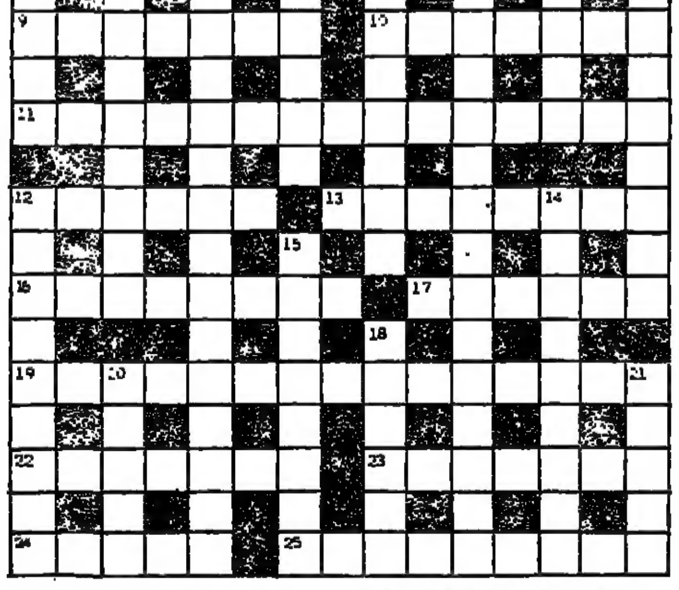
London Broadcasting — 261m and 97.3 VHF

5.00 a.m. "AM:" Breakfast-time News Show, with interviews, traffic and travel service, plus sport. 10.00 Open Line—London talks to George Gale. 12.00 Newswatch. 6.00 p.m. Newsbreak. 7.30 Financial Phone In—on your money problems. 9.00 Love in London. 1.00-5.30 a.m. Nightwatch—news every half-hour.

Capital Radio — 194m and 95.8 VHF

6.30 a.m. The Breakfast Show. 9.00 Michael Aspel presents music, guests, competitions and "Swapshop." 12.00 Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 London Today. 7.30 Open Line. 9.00 Your Mother Wouldn't Like It, Nicky Horne's rock show. 11.00 Greg Edwards and his late night show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,866



ACROSS

1 Insobriety? It's close to the point! (9)
6 A loop on the edge makes a peculiar topic (5)
9 The closest are in the brood (7)
10 Last longer but become threadbare (7)
11 Hit back—when shop was raided? (7-8)
12 The sportsman in the paste (6)
13 Go wrong in an explosion (8)
16 Put book of accounts before editor and fished (8)
17 Common parts of eggs and eyes (6)
19 Produced pictures of tours used in television (7, 8)
22 With natural simplicity I've a net damaged (7)
23 Wise man goes round the hill for safe-keeping (7)
24 It's a barrier to be shifty (5)
25 I leave this round the ankles but it's not appreciated (9)

DOWN

1 Sounding like what the doctor may prescribe (5)
2 Got a degree divided into regular intervals (9)
3 It's directly opposite and could make mother exert thee (3, 5, 7)
4 Extract with or without legal offence (6)
5 Special Constable and bandit contribute to boys' code of rules (5-3)
6 Replace the time-piece—for the winter months (3, 4, 3, 5)
7 Part of the face—it could be lip but isn't (5)
8 Fatigue created by sentries confused about start of duty (9)
12 Be left with learner and blow what the conductor may use (4-5)
14 Complicated, involved and elaborate (9)
15 Draw late warmth (4-4)
18 A short sleep in bourgeoisie states (6)
20 I dial incorrectly for a Greek epic (5)
21 Stops and stalks (5)

SOLUTION TO PUZZLE No. 2,865

B	U	C	K	T	H	O	R	N	■	■	S	T	E	W
E	■	L	■	R	■	U	■	U	■	A	■	A	■	A
S	T	A	L	A	C	T	I	C	■	N	A	K	E	D
E	■	C	■	I	■	D	■	L	■	A	■	E	■	E
T	A	K	I	N	G	O	N	E	S	G	U	A	R	D
T	■	■	■	I	■	O	■	A	■	R	■	P	■	■
I	N	C	O	N	T	R	O	L	■	A	B	A	S	H
N	■	L	■	G	■	■	■	■	■	M	■	R	■	A
G	R	O	O	M	■	A	U	T	O	M	A	T	I	C
■	■	C	■	A	■	T	■	R	■	A	■	■	■	K
T	A	K	I	N	G	T	H	E	S	T	R	A	I	N
R	■	W	■	U	■	E	■	A	■	I	■	L	■	E
A	R	O	M	A	■	M	U	S	I	C	A	L	L	Y
I	■	R	■	L	■	P	■	O	■	A	■	O	■	E
L	I	K	E	■	■	T	I	N	P	L	A	T	E	D

King's Theatre

Hermiston

by RONALD CRICHTON

Robin Orr's new opera *Hermiston*, one fruit of Scottish Opera's policy of commissioning works from composers of Scottish extraction, had its premiere on Wednesday as part of the festival. Orr and his librettist, Bill Bryden, have based the opera on Robert Louis Stevenson's unfinished novel, *Weir of Hermiston*. That tantalising fragment of a book is concerned with a bitter family conflict between a merciless judge and his lawyer son, brought to a head by the issue of capital punishment. After a public protest, the son is exiled to the family estate.

Fragment it may be, yet the book has had to be ruthlessly condensed for operatic purposes. The early scenes in Edinburgh, with the bewildered boy seeking from the kindly old judge Lord Glenalmond, the friendship his father will not afford him, as well as the formidable portrait of the Justice-Clerk, Lord Hermiston himself, are reduced or jettisoned. Hermiston was founded on a real-life judge, Lord Braxfield, who is said to said to have shown "contemptuous disdain of all natures less coarse than his own." Stevenson's judge is a brute with a consistency that has a certain repulsive integrity. In the opera he appears twice, in what are virtually prologue and epilogue, though not described as such. References to him during the main action do not carry much dramatic weight and are not invariably easy to hear.

With the most vital figure pushed into the background and an expansion of the necessary but shallow character of Frank Innes, false friend to the judge's son Archie Weir, what remains is a fairly trite tale of love and betrayal in a Lowland setting.

The opera begins with the public hanging of a wretch whose fate provokes Archie's outburst against the punishment and against his father, who administers the system. It ends ironically, with Archie himself on the gallows, guilty of the murder of Frank Innes, who has followed him to Hermiston and seduced his girl.

Professor Orr has clothed the tale in fluent, lightweight music moving easily but not often significantly in a territory bounded by Janacek, middle-period Stravinsky, Britten and Henze. There is nature music for the moorland scenes, psalm-tunes, instrumental ostinatos, ariettas (the composer's word) for the principals, dissonant writing for episodes of violence. It is in these least, which fall back too much on the cliche of slow-moving arioso over sustained chromatic chords, that one is most aware of musical substance stretched too thin.

The killing of Frank Innes, where the tension on the whole stays high is an exception. When Orr hits on a grateful melodic curve and a striking accompaniment, as he does in the nocturnal interview between Archie and his housekeeper, Kirstie, the result is happy. This is probably the opera's best scene, and the closest in feeling to Stevenson.

Christina's wandering on the moor, nutty as her operatic sisters, the Bride of Lammermoor and the Fair Maid of Perth, is one of the librettist's less fortunate inventions (at one stage Stevenson intended to allow Archie, freed from jail by a sympathising mob headed by Christina's brothers to escape with her to America). Equally unfortunate is the sudden appearance deep in the hills of a chorus of Frank's city cronies, provoking dangerous memories of *The Rake's Progress*. The scoring for moderate-sized orchestra is colourful but tends to cover low voices. This can no doubt be set right. At the first performance, Alexander Gibson and the Scottish Chamber Orchestra were a little over-enthusiastic.

Whatever the limitations of *Hermiston* as an opera, the scenic presentation does credit to all concerned. Toby Robertson produces, the designs are by Robin Archer, the lighting by Robert Ornbo. Between them they have contrived a spectacle always elegant and suggestive, yet seemingly well-adapted for touring. The costumes (period 1830) are especially handsome. Mr. Archer's basic set, a black tunnel with backdrop projections and a cruciform ramp, succeeds where a similar idea for last year's Glyndebourne *Idomeneo* foundered badly. Both the Edinburgh scenes need re-thinking by the producer. The dialogue of father and son beneath the still-swinging corpse surpasses credibility. Too much is made of old Hermiston's funeral (he dies of a heart attack when he realises he must condemn his son) in the last scene.

The musical preparation, as usual with Scottish Opera, has been thorough. Archie Weir is warmly sung and sympathetically presented by Lenus Carlson, a gifted young baritone from the Juilliard School in New York. Nigel Douglas portrays the treacherous Frank with salty relish. Michael Langdon, although he puts on his most Grand Inquisitorial manner, cannot do much with the abbreviated portrait of Lord Hermiston, evidently conceived for a stonier voice than his.

As the betrayed Christina Elliott, Catherine Gayer is charming in her ballad (Orr's use of Scottish colouring is commendably disceet), and should not be blamed for an unconvincing mad scene. Miss Gayer is developing a rapid vibrato, rather like Lotte Lenya, on her low notes. The most touching, complete and "right" performance comes from Patricia Kern as Kristie, the still-handsome spinster "in the bitter and sensitive shyness of advancing years," whose love for Archie is half-maternal, half-something-else, wholly protective. The chorus takes its opportunities—some of them slightly contrived—with the accustomed readiness.

Michael Langdon and Patricia Kern

Church Hill Theatre

Dimetos

by B. A. YOUNG

Athol Fugard has freed himself from his obsessive concern for the problems of his own people, and the result is disastrous. His plays have always relied on a ready-made background full of interesting detail that he knows intimately. *Dimetos* has simply been expanded from a vague note in one of Camus's notebooks, with no background indicated more than is suggested by the Greek sound of the name. As Mr. Fugard works it, the legend goes like this:

Dimetos, formerly an engineer and still inordinately proud of the capabilities of his hands, has retired to a primitive village where he lives with his housekeeper Sophia and his niece Lydia. A young man from the City comes to him; his genius is needed for the people. During the young man's five-day sojourn, he makes love to and ultimately rapes Lydia, a proceeding which Dimetos secretly watches for his own gratification. When Lydia discovers this she is desolate. Having been taught by Dimetos how to tie knots when she helps him rescue a horse that has fallen down a well, she hangs herself.

Years later, the three survivors are still discussing the tragedy, their recollections exacerbated by the stink of a stranded dead walrus which they equate with Lydia's body, left dangling at the end of its rope. Dimetos goes mad, shouting pages of elementary physics at the empty air and imitating the actions of a fairground juggler to teach his hands to give and to receive at the same time.

The author directs his own play, always a bad proceeding. His characters are dressed and posed as if from a poor production of a Greek tragedy, though we know from Dimeto's physics and his inaccurate Latin that we cannot be in the age of Euripides. A good deal of the dialogue is hard to hear, because the stage at this theatre has a big inner stage behind it which is left open and blurs all the words. (I suggest that Douglas Heap, the designer, should drop a backcloth over it.) Dimetos himself, played by Carel Trichardt, is often almost incomprehensible, for to the acoustic problem he adds an impenetrable Afrikaans accent.

The writing is full of that ambitious but hollow literary quality commonly masked in Mr. Fugard's plays by the power of his themes. "Two bodies, separate," booms Dimetos, "but also mysteriously at one with each other in some primeval matrix." Come on, Mr. Fugard, what does it *mean*? Dimetos is at least clear in his statics and dynamics. No one will contest his great discovery that "When the wind reaches its peak it will start to abate."

The other characters are played by Yvonne Bryceland (Sophia), Vanessa Cooke (Lydia) and Wilson Dunster (Danilo, her seducer). It is not their fault that the evening is so tedious.

St. Mary's Hall

Semmelweis

By STEWART TROTTER

Semmelweis was a 19th-century Hungarian doctor who insisted that people should wash their hands in chlorine before they delivered babies. He was attacked for his beliefs, went mad under the strain and committed suicide by infecting himself with the disease he'd done so much to prevent. *Semmelweis* is also the name of a novel by Céline—reworked from his medical thesis—and a play adapted from all this by Garry O'Connor presented by the Oxford Theatre Group.

The trouble with it, I think, is this: too much is on offer and Mr. O'Connor hasn't been able to decide what to do. His entertainment is part biography, part medical lecture, part philosophical debate. Its style swings from high argumentative to low melodramatic, and relies heavily on film technique—old film technique at that.

The play is one of those well-it-was-all-like-this flashbacks. We open on a Parisian bar, which is also the consulting room of one Doctor Bardamu, a socially-committed GP who likes to be in the thick of it. Two policemen arrive to question him about drugs. The conversation moves on to Semmelweis. The lights fade. A student pianist starts up in the wings. And we're off.

Bardamu, who seems to have little dramatic purpose, doesn't surface again till the second act. We're left with the career of Semmelweis, an interesting, isolated neurotic who clambers up the Hungarian medical ladder with uncongenial brilliance. Every time he makes a discovery, he makes an enemy, and Mr. O'Connor seems to be implying that the two phenomena are linked. The choice is between a life of integrated popularity and lonely, despised genius. Semmelweis, in the end, gives up. He needs friends.

This is pretty commonplace stuff. The play only really rises to intellectual life when the ghost of Viennese physician Klein, the play's embodiment of reactionary piety, accuses Semmelweis of heralding a weak, bland, pill-supported age; but this idea isn't developed. It only tends to confuse Mr. O'Connor's glowing account of Semmelweis's life and work.

Jamie Reid copes very well with the central role, Nigel Bryant less so with the production. Real water comes from a watering can at one moment, at another we are asked to believe that a rolled-up blanket is a baby. But the confusion of styles is not entirely the fault of the director.

Architecture exhibition

In an effort to increase the creative element in British architecture the Society for Architecture is holding an exhibition at the Royal Society of Arts until September 18. The exhibition is mainly concentrated on photographs of masterpieces of British architecture, linked by quotations from Sir Christopher Wren.

Duke of York's

Entertaining Mr. Sloane

by MICHAEL COVENEY

It is quite usual for plays in the West End to deteriorate rapidly after either transfer from a subsidised house or major changes of cast. Here is an exception to gloriously disprove the rule. At the Royal Court, Roger Croucher's production of Joe Orton's first major play ran, with intervals, well over three hours and boasted only one brilliantly appropriate performance, that of Beryl Reid as the desperately heavy-bosomed and flirtatious Kath. The play now runs shorter by a good half hour. And Miss Reid has been joined by Harry H. Corbett (in place of Ronald Fraser) as her spivvish, sexually devious brother Ed; and by Kenneth Cranham (in place of Malcolm McDowell) as Sloane, the angelic opportunist who plays off the attentions of both before absconding from the scene of his crime with the male contender.

Messrs. Cranham and Corbett are responsible for introducing into the production an essential element of uneasy tension and toying among the three points of the emotional triangle. Each of the participants in this cruel and funny game for the affections of the others cowers behind explanatory fantasies and tricks of self-deception. Whereas at Sloane Square a lack of irony in the playing dulled the comic edges, we are now left in no doubt as to the husk-like quality of alibi and excuse erected by Ed and Sloane to compensate for inner insecurity and panic.

Mr. Corbett's is a performance to treasure. Full of brilliantly executed detail (cigarette ash finds the carpet after losing first an ash tray and then a cupped left hand), Ed's remote and florid world of privileged treatment outside anonymous conference halls becomes an absurd unlikelihood juxtaposed with the sordid, decaying reality of Kath's suburban lounge and the trampled visions of domestic bliss that it contains. In addition, as Ed's hold over Sloane tightens, Orton's language of innuendo and insinuation is given fresh life in the scenes between the two men ("With me behind you, you'll grow out of it" smirks Ed as women and motherhood, sadly and perversely mirrored in the figure of Kath, are placed firmly out of the picture). Mr. Cranham is triumphantly mischievous and enigmatic, a perfect foil to both Mr. Corbett's flash puritanism and Miss Reid's tugging persistence.

Jazz at Camden Lock

This Sunday (August 31) the open air Jazz at Camden Lock Sunday sessions come to an end with the Tony Lee quartet—Lee (piano), Art Theman (saxophones), Tony Archer (bass) and Martin Drew (drums).

Admission is 50p (children 10p). Starting time is 6 p.m. Wine and real ale are available.

Albert Hall/Radio 3

Kempe

by MAX LOPPERT

Kempe, shortly to assume the chief conductor's post of the BBC Symphony, led the orchestra on Wednesday in a Prom of Beethoven, Haydn and Schubert. The first half of the concert was orchestrally of a slackness—a rhythmically flabby *Leonora no. 3* followed by a sagging, spiritless Haydn Sinfonia Concertante with soloists drawn from the orchestra—to cast a cloud on the future (less portentously, it was a reminder of this conductor's limitations outside the confines of the Romantic 19th century). After the interval, Schubert's A flat Mass, with the BBC Singers, was so tenderly and mellifluously shaped that the slate was again clean.

The Mass was receiving its first-ever Prom performance. Can the semi-obscurity this implies really have been the fate of such marvellous music, whose dominant tone of consolation can yet embrace poignant and sharp emotions, whose melodic focundity never declines into the bubbling inconsequence of the earlier masses? In Kemp's view, consoling warmth outweighs in importance the stings of drama. Those climbing sequences, shifting in strange, starry harmonies—a little like Gesualdo in Viennese clothing—are kept in perspective, rather than given excited close attention. Voices massed against the contrast of brass and wind sounded sonorous rather than startling. Everywhere lustrous tone, never strident or forced, appeared the conductor's aim, linking and welding the movements.

A different approach to the music could be imagined, lean and full of nervous undercurrents—but hardly one more loving. The sopranos of BBC Singers had moments of pallor above the stave to throw into relief the smoothness and fine blend of the ensemble elsewhere. A team of young soloists (Anne Collins, John Elwes, Stephen Roberts) fitted devoutly into the interpretation, led by the immaculately formed soprano of Jennifer Smith—a touch of frost in her tone early on was then revealed as deft and distinguished musicianship, never playing to the gallery in those few phrases where such might not be impossible.

Dench, Elliott and McKellen return to RSC

Judi Dench, Denholm Elliott and Ian McKellen return to the Royal Shakespeare Company to play leading roles at the Aldwych Theatre this winter.

Denholm Elliott, who was last with the RSC in 1960, will play the title role in Graham Greene's new play, *The Return of A. J. Raffles* (at the Aldwych from December 2) and Judi Dench and Ian McKellen will play leading parts in *Too True to be Good* by Bernard Shaw (at the Aldwych from October 21).

Too True to be Good will be directed by Clifford Williams and *The Return of A. J. Raffles* by David Jones.

Cinema

Faith and works

by NIGEL ANDREWS

Lancelot of the Lake (A)
Paris-Pullman from September 3
Marjoe (AA)
Screen on Islington Green

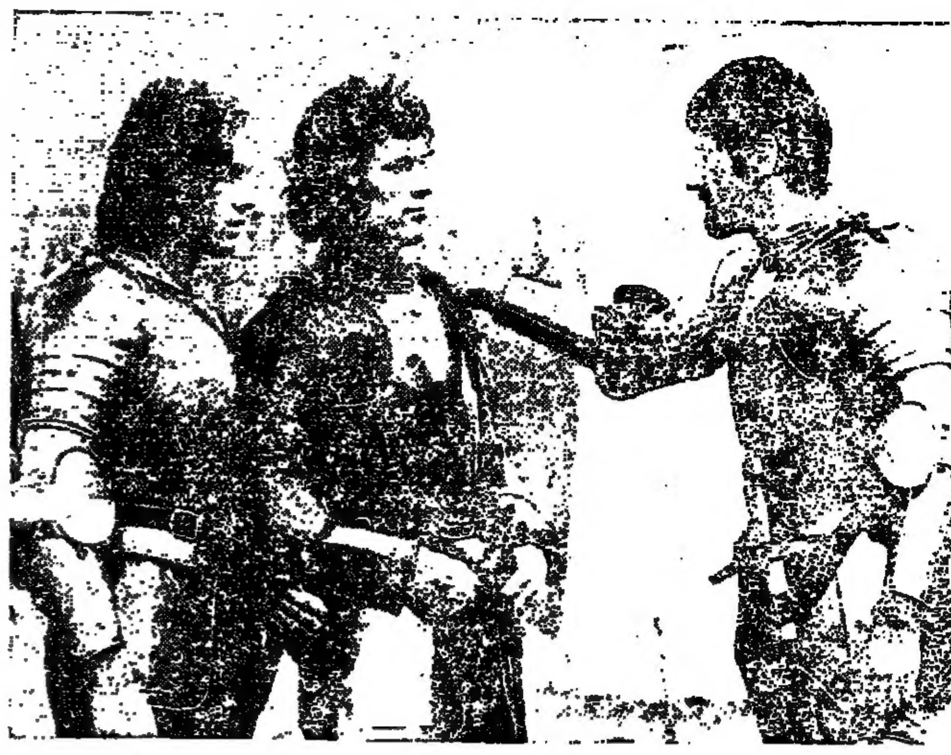
Originality in the cinema takes strange and diverse forms. The popular idea of an "avant-garde" film is the kind of movie—beloved in underground circles—that throws out traditional ideas of story, composition, structure, etc., and uses the camera as a wayward, esoteric, highly personal sketch-pad.

But there is another kind of avant-garde cinema: the kind whose originality lies in an audaciously stylised and hermetic use of traditional forms. Such is the cinema of French film-maker Robert Bresson: a director whose speciality has lain in adapting traditional material to the cinema—novels, plays, legends—with an almost ascetic fidelity and formalism.

When it was first shown at Cannes—as part of last year's Director's Fortnight—his latest film *Lancelot of the Lake* created something of a furore: provoking scorn, indignation and mirth in about equal proportions, and not having its impact softened by a noisy and interrupted screening. Bresson's films seldom get a smooth passage through from critical acceptance to audience popularity—even if they negotiate the first, they usually come unstuck before the second. But *Lancelot of the Lake* has had a rougher ride than most, and even die-hard Bresson enthusiasts came away from the Cannes showing wondering if the director had not this time overdone his formalism and his taste for dry, classical restraint.

Not having been present at that screening, I caught up with the film last year at Locarno, and found it instantly spellbinding. Bresson's film is an account of the last days of the Knights of the Round Table: the quarrels, the doubts, the sorrows, the petty strifes and jealousies that followed upon the knights', return from their failed quest for the Holy Grail. An ageing Lancelot (Luc Simon) cannot reconcile his love for Guinevere (Laura Duke Condominas) with his cherished code of honour. Gawain (Humbert Balsan) is a young man who attempts and fails to reconcile Lancelot with his king. Arthur (Vladimir Antolek-Oresek) is a disenchanted monarch who now holds sway only over a divided and half-empty kingdom.

It is a film about an era of transition: and the much-derided repetitiveness of Bresson's imagery—the clanking armour, the neighing horses, the solemnly archaic dialogue—serves more than anything as a metaphor for an age that is stiffening into obsolescence. Bresson has been here before, of course—to the country of lost dreams and vanished spiritual grace—but never until this film with such a palpable sense of loss lying beneath the impassive surface of the film's images.



Humbert Balsan, Luc Simon and Vladimir Antolek-Oresek in 'Lancelot of the Lake'

The tone of many scenes is brusque, solemn, dispassionate. The prologue, depicting the last of the battles on the knights' journey home, is a dimly-lit collage of severed limbs and gushing blood. The prelude to Lancelot's love-making with Guinevere is a bizarre, noisily metallic ritual in which the knight divests himself of his armour, item by item, and throws it unceremoniously to the floor like a heap of scrap metal. The tournament which comes near the end of the film—and provides its one token gesture towards an "action" sequence—has its excitement almost literally cut in half by being shot entirely at "hoof" level.

On one level Bresson is seeking to demystify the Arthurian legend—to strip it down to the bare mechanics of ritual. But on another, the bareness and the repetitions have a poetic effect. Emotions beat against the walls of the armour-plated world of Bresson's Camelot like captive birds in a cage, and the true tragedy of the film is that release can only come for the knights with the death and dissolution of the whole society that they have so long lived in and fought for.

Bresson is reputed to have spent 20 years or more nurturing the idea for this film (his original choice for Guinevere was the present actress's mother!), and only recently has he been able to find the money to make it. The result, fittingly enough, is a kind of summation of his style as a film-maker. Of all his recent work—*Au Hasard, Balthasar, Mouchette, Four Nights of a Dreamer*—*Lancelot of the Lake* comes nearest to vindicating the Bresson technique: and to substantiating the high claim once made by Jean-Luc Godard for the French director's status in cinema history. "Bresson," he wrote, "is the French cinema, as Dostoevsky is the Russian novel and Mozart is German music."

*

Marjoe is the strange, true story of Marjoe Gortner, a fourth-generation evangelist preacher who was received into his father's ministry at the age of three, performed marriage services at the age of four, and went the rounds of the American televisoin and record companies during the 1950s as a kind of ecclesiastical version of Shirley Temple.

Howard Smith and Sarah Kernochan's fascinating 80-minute documentary—first seen over here at the 1972 London Film Festival—is a portrait of Marjoe as he is to-day. Or rather as he was four years ago, when the film was made: a personable young man in his mid-twenties who has returned to his lucrative preaching career after a period in the wilderness of the California hippy culture. A wolf in lost sheep's clothing, he is seen alternately kindling his audiences with hell-fire sermons and empurpled visions of redemption, and confiding to the camera, with cheerfully unabashed cynicism, that he is in the business only for the money and when he has got enough he will move on. (Which he duly did. Those who saw *Earthquake* will remember him in the role of the psychopathic National Guard.)

The film is an eye-opener for those whose only previous experience of American revivalist meetings have been the watered-down versions provided over here by Billy Graham. By comparison with Marjoe's verbal histrionics, Graham appears the voice of sweet reason. Nor are the excesses of Marjoe's act confined to what he has to say. The laying on of hands that climaxes his meetings takes the form of a virtual physical assault. "Thank you, Jesus" shreik Marjoe's penitents as they receive his blessing: and then promptly fall in convulsions to the floor. Gullibility, the film shows us, is a frightening thing: especially when the gull-er makes no secret, as here, of his strictly dishonourable motives.

Marjoe shows at the Screen, Islington Green, in a double bill with Stephen Verona's *Lords of the Flatbush*, a tale of American high school life in the 1950s. The Press show for this film was arranged at the last minute, and found me *in absentia* due to Bank Holiday commitments. It comes with good reports, however, from its brief London release a month or two back, and it shows the Screen once more in good light as London's resident saviour of neglected American features.

WORLD TRADE NEWS

Indian plea on oil price rise

By K. K. Sharma

NEW DELHI, August 28.

INDIA'S Petroleum and Chemicals Minister, Mr. K. D. Malaviya, has appealed to the oil-producing *OPEC countries to consider* "very seriously" the consequences for developing countries of a predicted further increase in the price of crude.

Last year India paid about Rs12.5bn. for imported crude and a further rise of $2 per barrel would mean a crippling additional burden of Rs.2.5bn.

Speaking to a Parliamentary committee, Mr. Malaviya said *efforts were being made to increase* production indigenously and India was expected to produce just over 11m. tonnes, or 45 per cent. of requirements, within the next couple of years. *This is in contrast to the current* annual production of 7.5m. tonnes which mets only a third of the country's requirements.

India's Oil and Natural Gas Commision expects to produce 2m. tonnes annually from next year from the offshore "Bombay High" region, and Mr. Malaviya said that other offshore areas as well as onshore tracts in several parts of India were being explored.

Japan boosts raw material import credits

TOKYO, August 28.

JAPAN'S Government-owned Export-Import Bank has been authorised to extend Y28bn. in special credits to Japanese importers wishing to purchase certain raw materials from Asian countries, the Ministry of International Trade and Industry (MITI) said to-day.

The funds, which will be available from September, will carry an 8 per cent. rate of interest and will be repayable in one year.

The Ex-Im Bank credits, to be supplemented by Y14.6bn. in commercial bank financing at about a 10 per cent. rate of interest, were authorised for purchases of copper ore, bauxite, nickel, molybdenum, tungsten, lead, zinc and pulp wood. Tin was not included in the list because it is covered by an international agreement, MITI said.

The special financing was decided upon following complaints that a slump in Japanese imports, a product of the country's prolonged recession, was seriously aggravating the economies of less developed countries in the Asian region.

AP-DJ

Australia chooses BAC missile system

CANBERRA, August 28.

THE AUSTRALIAN Army is to be equipped with British Rapier guided missiles under a $A50m. deal announced to-day by Defence Minister Mr. William Morrison. He told Parliament a battery of the surface-to-air Rapiers, built by the British Aircraft Corporation, was being ordered to update Australia's air defence capability, which is still based on the World War Two Bofors gun.

"The choice of an air defence missile system for the Army has been a lengthy and arduous process, but I am now satisfied that the selection of Rapier is right in the Australian context," Mr. Morrison said. "Rapier is operational, is highly mobile and can readily be transported in Hercules and Caribou aircraft. *Trials have indicated that* it is a highly effective system."

Other armed forces re-equipment projects announced by the Defence Minister include a 6,000-ton transport ship for the Navy to be built in Australia, new fire control systems for Australia's fleet of six British Oberon submarines, a new Australian-developed sonar system for destroyers, another 34 German Leopard tanks to add to the 53 bought last year, 2,000 transport vehicles for the Army and a new squadron of medium-range transport aircraft for the air force.

UPI

Michael Donne, Aerospace Correspondent, adds: This is the fifth export order for Rapier, the others coming from Iran, Abu Dhabi, Oman and an unnamed African customer. Total export orders for Rapier are now worth more than £230m. The missile system is already in service with the British Army and RAF.

More than 20 per cent. of the *Australian order will be made in* Australia at the British Aircraft Corporation's Salisbury, South Australia, factory. Further Australian orders for radar trackers for Rapier are expected.

Swiss tourism in decline

BY JOHN WICKS

ZURICH, August 28

IN THE FIRST half of 1975 total hotel bed-nights in Switzerland fell off by some 3 per cent. on the corresponding period of last year to 14.89m., due to 2 per cent. *fewer occupancies by foreign* visitors and a 5 per cent. drop in bookings by Swiss residents.

The Swiss statistical bureau says the decline, in view of the recession and the disadvantageous exchange rate, the fall in foreigner bed-nights has been "surprisingly small." The major reason for the drop in domestic bed-nights is said to have been the marked fall-off in business travel.

Two areas of the country—Central Switzerland and the Ticino—recorded higher bed-night totals, 4.5 and 3 per cent. up respectively, for the six-month period. Occupancies dropped in other regions, particularly on the Lake of Geneva, down 6 per cent., in the midland lowlands, down 7 per cent. and in the Jura region with a 9 per cent. fall.

Opel unveils changes

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

NEW VERSIONS of Opel's Ascona and Manta range of cars, first launched in 1970, are to go on sale in Germany to-day. Right-hand drive models for the U.K. market will follow before the end of the year.

Both cars have had steady sales in European markets over *the last five years, with production* of the Ascona now totalling 700,000 and of the Manta 500,000. However, sales of both slipped badly last year as the German company shed labour and cut back production by a third in a successful effort to remain in profit. Ascona production fell from 192,000 in 1973 to 106,000, and the Manta from 127,000 to 48,000.

The revamp gives each car a noticeably new look, with more passenger space (2 inches more for rear-seat passengers) and a longer and wider body.

The body shell has been revised from the floor up, giving *20 per cent. more window area*, and the suspension has also been substantially changed. However, the transmission and engine range (1.2, 1.6 and 1.9 litres) are retained from the old models.

Although sales of Opel cars *have increased in Germany this* year, it has lost market share in a generally rising market.

W. German deficit on shipping reduced

By Guy Hawtin

FRANKFURT, August 28.

WEST GERMANY'S payments deficit for shipping was cut by more than half last year, according to the Verband Deutscher Reeder (VDR), the nation's shipowners' association. In 1974, *the deficit totalled only* DM1.09bn. compared with DM2.37bn. the year before.

The 1973 figure was the highest deficit recorded in the shipping sector since the Second World War, the association says, and the sector accounts for a substantial portion of the Federal Republic's continuing deficit on invisible trade.

Last year's was the "healthiest" deficit since the DM1.08bn. reported 15 years ago in 1960, according to Government statistics. And the VDR points out that for the first time West German fleets, in terms of freight income, earned more abroad than they had paid out. The surplus was DM386m.

However, the West German shipping deficit is still largely attributable to the high proportion of West German foreign trade which is carried by foreign fleets. *Other important factors* include the downward course of the dollar—the main currency in which German shipowners are paid—against the D-mark, and high bunkering costs.

The main reason for the reduction in the deficit, says the association, is the healthy development of freight earnings of the West German fleet in both German foreign trade and cross trade, together with improved earnings from harbour services. No mention is made of the decline in world trade as a contributory factor in the decreased deficit, but this must surely play some role.

Payments to foreign ship operators in 1974 totalled DM5.23bn. according to the report. This is substantially down on the previous year's DM5.57bn. largely as a result of the downward course of the dollar.

Harbour services and other similar costs abroad for West German fleets went up from DM.1.65bn. in 1973 to DM2.3bn.

Electronics exhibition will be market test

By Leslie Colitt

BERLIN, August 28.

HOME ELECTRONICS producers from West Germany and abroad are *hoping to pick up* signals of reviving consumer interest in their products at the International Entertainment Electronics Exhibition opening in Berlin to-morrow.

The week-long display, called the largest of its kind anywhere, brings together 350 firms and many non-commercial participants, spread over 24 halls and four pavilions of the West Berlin exhibition ground.

Well over 600,000 visitors were registered at the last home electronics show here two years ago. Producers will closely watch public reaction in West Berlin—often considered a test market for West Germany.

Manufacturers recently announced that price rises of from 3 to 6 per cent for entertainment electronics would be inevitable. Retailers, however, have expressed doubts that higher prices can be passed on in the present depressed state of the market.

Production of colour TV sets in West Germany is down over the record number sold last year, with exports holding up somewhat better than home demand.

Among foreign companies, Sony has said it is about to launch a major assault on the West German market, its second largest in Europe after the U.K. British manufacturers, who were once given a good chance of competing in West Germany, have with a few exceptions made little out of their original technological lead.

Contracts

WILLIAM BOLTON, the Stoke-on-Trent engineering company, has won a £100,000 export contract to supply machinery for the ceramic industry to Iraq.

KRAFTWERK UNION has received an order from the Iraq State electricity organisation to build a turnkey 160-megawatt steam pressure power station to expand the power plant in Daura, south of Baghdad.

SNAM PROGETTI, a unit of the State-owned Ente Nazionale Idrocarburi (ENI) group of Italy, will provide engineering services and know-how for a *chemical plant to be built for* Veba Chemie at Brunsbutel, in northern West Germany.

TAYLOR INSTRUMENT companies have won an order, valued at £520,000, from Oy Metsae-Botnia Ab, for the complete control instrumentation for a new pulp mill currently being built in Kaskinen, on the north-west coast of Finland.

BADGER SYSTEMS of York has received an order worth more than £60,000 from Alemat-Technikodomiki of Athens for laser alignment control equipment to be mounted on a fleet of graders and scrapers at work on the initial contract of the Lower Khalis irrigation project in Iraq.

CRYOPLANTS, a North London company, has received a £1.5m. contract for a tonnage oxygen plant from Canadian Oxygen (Canox). The plant due for delivery next year, will supply up to 132 short tons of oxygen or nitrogen a day. It will also supply argon for industrial uses.

NOTICE OF REDEMPTION

Occidental Overseas Capital Corporation

8¾% Guaranteed Sinking Fund Debentures due October 1, 1979

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of October 1, 1960 between Occidental Overseas Capital Corporation, Occidental Petroleum Corporation, Guarantor, and The Chase Manhattan Bank (National Association), Fiscal Agent, $628,000 in aggregate principal amount of the above-captioned Debentures will be redeemed for the sinking fund on October 1, 1975 at the redemption price of 100% of the principal amount thereof, together with accrued interest to October 1, 1975.

The numbers of the Debentures to be redeemed are as follows:

M 1	1444	2336	4140	5443	6501	7545	8676	10156	11309	12829	13710	14671	15805	16816	18468
118	1525	2342	4288	5486	6512	7568	8736	10248	11310	12895	13727	14687	15823	16839	18476
179	1535	2343	4296	5494	6518	7578	8774	10272	11314	12902	13788	14698	15849	16841	18493
182	1551	2363	4318	5506	6531	7595	8790	10290	11342	12937	13797	14751	15851	16863	18527
326	1600	2416	4323	5619	6586	7598	8930	10293	11363	12953	13813	14768	15868	16871	18536
369	1618	2496	4330	5735	6619	7602	8931	10357	11411	12956	13824	14801	15880	16909	18538
493	1628	2550	4492	5740	6717	7627	8937	10377	11493	12997	13840	14808	15898	16911	18561
576	1644	2571	4514	5770	6720	7659	8967	10387	11563	13013	13846	14816	15903	16946	18562
585	1645	2602	4603	5789	6735	7666	8980	10397	11577	13027	13859	14826	16004	16968	18582
594	1673	2605	4612	5794	6736	7667	9020	10398	11631	13088	13860	14839	16026	16980	18586
608	1692	2681	4631	5795	6737	7786	9154	10439	11640	13094	13884	14954	16054	17075	18589
643	1704	2693	4766	5851	6740	7820	9160	10451	11644	13121	13895	14960	16087	17096	18606
692	1730	2748	4773	5858	6742	7843	9170	10510	11746	13156	13933	15074	16089	17173	18845
693	1758	2775	4789	5912	6748	7880	9178	10568	11748	13173	13968	15076	16132	17360	19027
703	1781	2787	4790	5913	6752	7958	9184	10617	11879	13204	14010	15152	16316	17379	19034
739	1801	2814	4840	5965	6779	8066	9239	10623	11892	13246	14016	15158	16319	17398	19072
751	1832	2815	4854	6020	6795	8076	9280	10641	12047	13273	14036	15165	16324	17406	19105
855	1863	2835	4898	6052	6815	8085	9321	10660	12058	13286	14055	15174	16345	17418	19208
858	1886	3020	4902	6053	6843	8118	9419	10685	12191	13292	14153	15246	16349	17440	19246
860	1909	3070	4943	6074	6868	8205	9421	10713	12206	13296	14175	15248	16385	17461	19306
869	1911	3095	4944	6083	6879	8222	9432	10757	12237	13297	14179	15261	16390	17463	19326
873	1938	3103	4947	6094	6912	8234	9449	10777	12370	13301	14197	15267	16418	17479	19337
882	1966	3117	4992	6107	6935	8238	9477	10786	12382	13327	14258	15296	16456	17481	19345
890	1968	3153	4996	6147	6940	8263	9493	10818	12383	13339	14304	15307	16492	17490	19348
926	2021	3159	5005	6159	6957	8327	9507	10842	12431	13341	14313	15357	16509	17491	19414
935	2027	3190	5065	6164	6981	8336	9620	10864	12443	13365	14326	15406	16524	17502	19636
963	2093	3301	5075	6191	6986	8424	9662	10879	12449	13385	14333	15413	16570	17567	19646
1022	2096	3328	5078	6192	6993	8442	9679	10890	12453	13391	14370	15437	16578	17617	19649
1042	2146	3358	5104	6218	7046	8470	9685	10930	12492	13395	14394	15464	16579	17743	
1051	2148	3537	5109	6219	7049	8478	9764	10982	12497	13404	14395	15522	16594	17746	
1085	2152	3591	5122	6250	7084	8484	9779	11008	12516	13406	14421	15559	16596	17768	
1123	2185	3594	5250	6252	7098	8485	9820	11051	12554	13407	14483	15643	16601	17821	
1226	2190	3604	5264	6277	7229	8489	9842	11159	12555	13441	14489	15658	16626	17887	
1230	2203	3814	5277	6287	7256	8547	9895	11163	12563	13457	14502	15677	16628	18036	
1255	2227	3827	5296	6328	7267	8549	9908	11195	12601	13472	14520	15740	16632	18052	
1321	2253	3874	5319	6338	7393	8551	9949	11201	12620	13536	14532	15747	16667	18074	
1346	2261	3898	5328	6365	7405	8568	9953	11222	12627	13606	14539	15751	16681	18078	
1348	2268	3957	5339	6369	7424	8572	9984	11225	12665	13658	14549	15799	16721	18252	
1363	2317	4057	5344	6394	7464	8626	10005	11241	12785	13665	14599	15802	16745	18311	
1428	2332	4084	5434	6410	7479	8640	10017	11245	12788	13667	14611	15804	16794	18384	

On October 1, 1975, there will become due and payable on the Debentures to be redeemed the principal amount thereof together with accrued interest to October 1, 1975. On and after October 1, 1975, interest on the Debentures to be redeemed shall cease to accrue.

Payment of Debentures to be redeemed will be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment *therein of public* and private debts. Payment of Debentures redeemed at the hereinafter listed offices of Paying Agents outside of the United States of America shall be by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City.

Payment of Debentures to be redeemed will be made on or after October 1, 1975 upon presentation and surrender of said Debentures, with all coupons appertaining thereto maturing after October 1, 1975, at any one of the following Paying Agents:

The Chase Manhattan Bank, N.A.
(Agency Division)
1 New York Plaza
New York, New York 10015

The Chase Manhattan Bank, N.A.
Woolgate House, Coleman Street
London, E.C. 2, England

Hambros Bank Limited
41 Bishopsgate
London, England

N. M. Rothschild & Sons
New Court, St. Swithin's Lane
London, England

Banque Internationale à Luxembourg S.A.
2 Boulevard Royal
Luxembourg, Luxembourg

Banca Commerciale Italiana S.p.A.
Sede di Milano
6 Piazza della Scala
Milan, Italy

The Chase Manhattan Bank, N.A.
41 Rue Cambon
Paris, France

Banque de Paris et des Pays-Bas
3 Rue d'Antin
Paris, France

Algemene Bank Nederland N.V.
Amsterdam, Netherlands

Banque de Bruxelles S.A.
2 Rue de la Regence
Brussels, Belgium

Commerzbank Aktiengesellschaft
Dusseldorf, Germany

The Chase Manhattan Bank, N.A.
Taunusanlage II
Frankfurt/Main, Germany

Dresdner Bank Aktiengesellschaft
7 Gallus Anlage
Frankfurt/Main, Germany

Coupons which shall mature on, or shall have matured prior to, said redemption date should be detached and surrendered for payment in the usual manner.

Occidental Overseas Capital Corporation

By The Chase Manhattan Bank (National Association), Fiscal Agent

Dated: August 29, 1975

AMERICAN NEWS

Bankers Trust renegotiates half of real estate loans

BY JAY PALMER

NEW YORK, August 28.

BANKERS TRUST, one of America's larger banks, has been forced to disclose that it is now *renegotiating the terms of nearly* half of its total $656m. loans outstanding to the financially troubled Real Estate Investment Trust (Reit) industry.

While banks normally aim to keep *details of their loan problems* quiet, an increasing number have been required to reveal the true state of affairs in prospectuses covering proposed public sale of new shares. In Bankers Trust's case, the issue is a planned offering of $75m. of preferred stock.

Confirming that about $300m. of its Reit loans are affected, Bankers Trust refused to expand on the specifics of its renegotiation. However, it is widely believed that the new terms will provide for both deferred interest and capital repayments.

Reits have been one of the principal victims in this country of the severe recession affecting *the housing industry*. Effectively, they act as middlemen, borrowing from the banks to lend to the housing developers.

The bank said that Reit loans, as a whole, yielded interest over the first half of this year at an annual rate of only 6.6 per cent. against the 9.1 per cent. returned by loans to other sectors. It added that as of June $211m. of loans to Reits were "recorded on a cash basis"—an accounting distinction whereby interest and capital payments are not automatically counted as income but rather only credited when actually received.

Although the total value of Bankers Trust's Reit loans *is* small compared to its total assets of $20.4bn. similar sorts of figures from Chemical Bank and Manufacturers Hanover a few months ago resulted in their public offerings being cancelled. While the debt and equity markets to-day are more used to bad Reit news and such a cancellation is unlikely, the disclosure could well spark off fresh concern over the banking sector's overexposure to a whole list of troubled entities, including New York City along with Reits, airlines and the utilities.

The news late last night that Chase Manhattan, Morgan Guaranty and First National City Bank all refused to buy any more New York City debt (thus destroying the latest rescue plan put forward to aid the city) indicates that they are well aware of the danger. The excuse was *fear of expensive shareholder* lawsuit alleging violation of fiduciary responsibility by overinvesting in high-risk debt.

Bahamas lobster ban talks collapse

By Our Own Correspondent

NASSAU, August 28.

NEGOTIATIONS between the U.S. and Bahamas have collapsed after the Bahamian Government ruling that "there is no basis for an agreement" that would allow Florida-based lobster fishermen to continue fishing the *lucrative Bahama banks*, despite an August 1 ban on foreign fishing off the Bahamas continental shelf.

The statement followed the early morning bombing and sinking in the Miami river of a small Bahamian freighter "The Goldfinger." Miami authorities speculated that the bombing was in retaliation for the ban which affects *some* 5,000 fishermen, most of whom are Cuban exiles.

The State Department said later that the U.S. delegation had made a number of proposals which were in the American view reasonable and in the interest of both Governments. These included the payment of licence fees, assistance in the training of Bahamians, technological help and conservation measures.

U.S. Ambassador Seymour Weiss said that the Bahamas Government found these *unsatisfactory* and although the American side was prepared to consider any counterproposals none were put forward.

New York Fed bankers say $ is undervalued

NEW YORK, August 28.

ALAN HOLMES and Scott Pardee, respectively manager and deputy manager of foreign exchange operations of the New York Federal Reserve Bank have said that they still believe the dollar is undervalued.

But they told a Press conference that they feel it is not unrealistically low as the Bank characterised it at the start of the year. They declined, however, to give any indication as to what they thought were realistic levels against foreign currencies.

Mr. Pardee said that the U.S. currency's recent strength has led to an upturn in the flow of OPEC funds into dollar investments. During the first half of the year, OPEC's dollar investments lagged far behind 1974 levels because of its weakness, but the dollar's gains in the last couple of months has stimulated fresh investments with both old *and new oil revenues*.

Mr. Pardee and Mr. Holmes said that total Central Bank foreign exchange market intervention totalled $10bn. in the second quarter of 1975, of which the Bank accounted for about $2bn.

While the Banks intervention had taken place in most of the major currencies, sterling was not one of them, with the Bank of England apparently prefering to shoulder the whole burden of the pound's support.

Reuter

U.S. COAL MINERS' STRIKE SPREADS

CHARLESTON, August 28.

ABOUT HALF of the U.S.'s 125,000 coal miners who are members of the United Mine Workers (UMW) union were off their jobs to-day as wildcat strikes rippled through the industry. The striking miners are defying their own union and federal judges. The majority of the strikers—about 43,000 of West Virginia's 50,000 active miners—have been involved in a walkout now nearly three weeks old. Pickets from West Virginia have apparently spread their walkout into eastern Kentucky and Pennsylvania.

AP-DJ

Soviet grain stoppages injunction

CORPUS CHRISTI, August 28.

JUDGE OWEN FOX has issued a preliminary injuction against the International Longshoremen's Association to prevent further work stoppages in the loading of grain on ships destined for the Soviet Union.

Judge Fox ruled in the Federal District Court here that the West Gulf Maritime Association has a true and valid contract with the South Atlantic and Gulf Coast district branch of the ILA and affilated deep-sea branches.

The judge set September 30 as the date on which he will hear further arguments for a permanent injunction. The preliminary injunction will run through that period.

Reuter

Rockefeller woos the Deep South

By Adrian Dicks

WASHINGTON, August 28.

VICE-PRESIDENT Nelson Rockefeller, fighting to defend himself against attacks from the right, was due to wind up to-day a brief tour through the Deep South intended to mend the fences with some of the Republican Party state leaders thought most likely to throw their support to Mr. Ronald Reagan in next year's Presidential nomination race.

A Gallup poll published this morning shows Mr. Reagan, the former Governor of California, slightly ahead of Mr. Rockefeller, leading by 44 per cent. to 40 per cent., as the choice of Republican voters for President Ford's 1976 running mate.

Mr. Reagan, who has yet to make a formal announcement that he is in the race, is not setting his eyes on the Vice-Presidential nomination—in the old phrase, no one ever campagned to be Vice-President. The degree of support Mr. Reagan has already attracted from right-wing Republicans across the country has been great enough *to leave the President's* campaign advisers in no doubt that their main preoccupation must be to dissuade the former California governor from entering next year's state primaries.

In this exercise, the President's campaign manager, Mr. Howard Callaway, has made clear that Mr. Rockefeller cannot be allowed to become an obstacle.

Peron move defuses Army crisis

By Robert Lindley

BUENOS AIRES, August 28.

THE CONFRONTATION within the army which over the last fortnight has threatened the Argentine Government, was resolved *late last night* when President Maria Estela Peron named General Jorge Rafael Videla as the new army commander.

Sra. Peron's choice for the post, left vacant by yesterday's resignation as Army Commander of General Alberto Numa Laplane, was understood to be one of two other generals, with much less seniority, either of whose appointment as Army Chief would automatically have obliged several senior-ranking Generals to retire from active service. This could well have touched off open rebellion within the Army.

But by accepting General Videla as the new Army Commander, only one General — Carlos Delia Larroca, Commander of the Third Army Corps, is obliged to retire.

THE NON-ALIGNED AT LIMA

Against a carve-up

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

AT A MOMENT when some of the most acute problems of international relations seemed to be on the verge of at least partial solution, a group of nations —*not perhaps the most powerful* group but certainly the most numerous—are letting it be known that they want to refashion those solutions which are not to their taste.

When in the economic field it *appeared* that the Western world was beginning to recover its balance, digest the effect of the rise in oil prices and edge itself out of a recession, the Foreign Ministers of the 82 non-aligned countries meeting in Lima have reformulated in more specific terms than ever before their demands for a whole new international economic order. When in the political field it seemed that a measure of real détente between the two super powers had been negotiated at Helsinki a majority of the world's countries have been seeking to emphasise their resistance to anything smacking of a carve-up into Washington's sphere of influence and Moscow's.

Paradoxically the concept of non-alignment, first formulated as a response to the mutual hostility of the super powers, appears to be acquiring a new vitality as that original hostility abates. Those countries which first came together in the Belgrade conference of 1961, in an attempt to insure themselves against the risk of being dragooned into one or other of the camps of the super powers, *are now getting together to fend* off any possibility of their being dragooned into accepting an international order imposed by Washington and Moscow jointly.

So much having been said, it would be wrong to give the impression that a tightly disciplined bloc of 82 countries from Yugoslavia to Botswana is about to descend on the General Assembly with the full confidence of being able to dictate new *rules of conduct* for the developed world.

The divisions and contradictions among the present non-aligned movement are clearly no less deep than divisions among the original 25 drawn together by Tito, Nehru and Nasser in that Belgrade conference. This fact must limit the effectiveness of the non-aligned countries' strategies.

On the one hand there are the Socialist countries who think, though they do not always say so, that non-alignment most of its essence go hand in hand with an attitude of intransigent opposition to Western capitalism. Cuba, for instance manages to reconcile membership of the non-aligned movement *with full membership of Comecon* and an extremely close relationship with the USSR. Even a member of the Warsaw Pact, Romania, has been accepted as a "guest" in Lima, together with Australia, Austria, and some others.

The decision of the conference to admit North Korea and North Vietnam, while at the same time rejecting an application for membership from South Korea and quietly jettisoning Chile, must too, of necessity, strengthen the current of Marxism within the movement.

At the same time many non-Communist members of the movement—the host country Peru, for example, in a discreet but firm way—point to the fact that non-alignment is far from being synonymous with creeping Communism, as many opponents of non-alignment would like it to be believed.

> 'The ultimate success of the strategies being worked out here must depend on how far the non-aligned countries succeed in maintaining their cohesion.'

The biggest group, it is pointed out, is still the African bloc, whose policies are often moderate, unadventurous and seldom strongly Marxist in orientation. The non-Communists point out too that from a financial point of view the centre of gravity of the movement lies not among Marxist countries but among the Arab oil producers like Kuwait and Libya. It is on these countries, rather than on North Korea, Cuba or North Vietnam, that will depend the success of the group's plans for financing development and supporting raw material prices.

But if the non-aligned world is patently more unwieldy and as heterogeneous than it was in the days of the first Belgrade conference, it has the compensating advantages of having worked out a much clearer idea of its economic objectives and of having the financial backing to advance them a long way.

The symbol of this is to be found in the proposed multi-billion dollar "Solidarity Fund" to finance buffer stocks of raw materials which should *start* operating by the end of the year. If, as seems likely, the Kuwaiti *lead in making over around* $1bn. to the fund is followed by similar gestures from other rich members of the group, the non-aligned countries will begin for the first time to have at their command a large share of the development money, for which they previously had to rely on the industrialised world, Western or Communist.

And, though this is an infinitely more complex and delicate *operation to* launch *and* sustain, there is the chance that the non-aligned movement will succeed in setting up a fund able to sustain the international price levels of the raw materials on which many of the members rely for their foreign exchange earnings.

The complexities of such a buffer stock fund are likely to tax the ingenuity of the proponents of the scheme, particularly when it comes to reconciling *the* conflicting interests of producers and importers within the non-aligned group itself. Finding the large amounts of money needed is also likely to be a major problem. One Foreign Minister suggested that any estimate below $50bn. was unrealistic.

Nevertheless it seems probable that the next few months will see the establishment of a mechanism to co-ordinate the activities of commodity producers and exporters within the non-aligned countries and existing commodity agreements. This body would also assist efforts of new associations, such as the banana growers, to organise themselves more effectively.

Last, there is emerging the beginnings of a set of co-ordinated policies towards foreign business in the form of limitations on activities permitted to foreign investors, conditions regulating their activities, where these are permitted, and the amount of profit they will be permitted to remit from such operations.

All these initiatives are intended to put flesh on the highly rhetorical *declaration adopted* by the General Assembly last year under the title of the Charter of Economic Rights and Duties of States.

The ultimate success of the strategies being worked out here this week must, however, ultimately depend on how far the non-aligned countries succeed in maintaining their cohesion.

The fact that many of the non-Commonwealth countries *present* in Lima have only the vaguest notion of the initiatives being discussed by the Commonwealth countries, meeting in parallel session not far away in Georgetown, should therefore be a source of worry to the promoters of the idea of a new international economic order. It demonstrates clearly how simple it is for countries to give in to the temptation of huddling in groups—even large groups—with no realisation of what is going on in other discussions.

Perhaps the biggest question mark hanging over the Lima deliberations this week, and next week's debates in New York, is one which few of the delegations here have been willing to comment on publicly. China, the most populous of the developing countries, one which has for several years been preaching acceptance of many of the strategies now being adopted, and one which played a prominent part in the councils of "neutralist" countries in the past, is now maintaining an attitude of aloofness from the present discussions.

The most fervent proponent of resistance to great power hegemony and a better economic deal for the world's poorer countries is, paradoxically, absent as *the debate warms up*.

The Financial Times, published daily except Sundays and holidays.

Lisbon triumvirate in talks marathon to defuse crisis

BY JANE BERGEROL

LISBON, August 28.

AS PORTUGAL'S three ruling generals continued cloistered in conference with the three chiefs of staff of the armed forces—barely interrupted for a few hours sleep since midnight last night—expectation of a move to defuse the political crisis here grew hourly.

However, a final solution to the deadlock between rival factions of the Armed Forces Movement (AFM) — the pro-Communists, the Copcon security forces and the supporters of the nine dissenting AFM leaders under former foreign minister Major Melo Antunes—seemed as far away as ever.

Unrest in military units throughout the country has reached such a pitch that any attempt categorically to dismiss both the Communist-sympathising Prime Minister General Vasco Gonçalves and his fifth provisional government, and fulfil all the demands of the dissenting Nine is considered by President Costa Gomes an unacceptable risk, possibly one that would lead towards civil war, high political sources said.

The President also feels he must satisfy at least some of the Nine's demands, since their supporters might be ready to take up arms.

The President is therefore trying to tempt the Nine into a compromise, involving replacement of the Prime Minister—but not of the Government—and his "promotion" to the prestige post of Chief of Staff of the armed forces.

However, this plan, the moderates claim, carries too many risks, in spite of the "safety catches" of having two moderates as chiefs of staff of navy and army beneath him—General Carlos Fabiao for the army and Admiral Pinehrio de Azevedo for the navy, both mooted as possible prime ministers after General Gonçalves' departure.

The Nine also feel if they back down again and once more agree to bide their time, President Costa Gomes' bargaining position with the opposite factions can only weaken in proportions to his lack of determination to force through the programme of the Nine.

The President's position appeared to many to-day increasingly uncertain, at least on the surface following last night's hostile reception given him by thousands of Communist and extreme-Left demonstrators. In marked contrast to a trades union rally outside the presidential palace a month ago, when the predominantly Communist crowd shouted support for the ruling triumvirate, last night they yelled only for General Gonçalves, while the President stood quietly by. Later he was booed and spurred into a petulant last-minute declaration that "nobody wants social democracy."

Sources close to the President, however, continue to feel he is the only military figure able to continue negotiating with all three rival AFM factors. The bid by the Prime Minister at last night's rally to draw the Copcon group under his wing by referring in flattering terms to its document has failed to convince anti-Communists among the Copcon commanders who drew up the programme.

GENERAL Gonçalves said in an interview published yesterday that there was no room for a Western-style Democracy in Portugal, Reuter reports from Paris.

He told the French newspaper Le Monde that "after 50 years of Fascism with its own brand of capitalism, any attempt to establish a Western democratic system in the country would inevitably lead the bourgeoisie to use greater repression against the workers."

He accused the Portuguese Socialist Party leadership of launching "an offensive by the country's most reactionary forces." However, he said, "don't get me wrong, we must not mix the party's rank and file with its leadership."

Spain cracks down on Press

BY ROGER MATTHEWS

MADRID, August 28.

AN IMMEDIATE clampdown on the Spanish Press has followed yesterday's introduction of a new anti-terrorist law, while in the Basque country thousands of workers staged scattered strikes this morning in protest against the court martial of two ETA members who face the death penalty if convicted of killing a police officer.

Four of Spain's top-selling news and economic magazines were seized last night and this morning as they were being printed. No specific reason was given other than their contents were considered to infringe the new law.

Official sources said that no more than 21 companies in the province of Vizcaya and around 50 in Guipuzcoa had been hit by the protest stoppages this morning, although unofficial labour leaders put the figures considerably higher. Leaflets calling for a general strike in the two provinces have been circulating for several days. An estimated 500 political prisoners have also gone on hunger strike.

The court martial of the two Basques, Sen. Jose Antonio Garmendia and Sen. Angel Otaegui Echevarria, is expected to end late to-day and the verdict to be announced before midnight. Tight security was in operation around the court, which was being held in a barracks outside Burgos, and Press coverage limited to national and international news agencies.

Eyewitnesses in court reported that Sen. Garmendia appeared dazed and did not seem to be taking much interest in the proceedings. During his capture he was shot in the head by police, and his lawyer said he is unfit to plead.

Sen. Otaegui faces the death penalty for allegedly having sheltered Sen. Gardmendia before the killing. This morning he admitted to being a member of ETA but denied that Sen. Garmendia had stayed in his house. He added that he had never handled a firearm in his life.

Bonn spending accord sought

BY JONATHAN CARR

BONN, August 28.

WITH THE passage of a programme to help boost the economy behind them, the West German Government coalition partners to-day sought to reach accord on the divisive issue of cuts in public expenditure.

Both the Social Democrats (SPD) and Liberal Free Democrats (FDP) recognise that failure to take effective action here would have serious political as well as economic consequences. Nonetheless, a gulf continues to separate the two over what is realisable, with the FDP so far demanding savings substantially higher than the SPD feels can be carried through.

The resulting friction has given rise to speculation about the future of the coalition itself and this has elicited an unusual statement from Chancellor Helmut Schmidt (SPD) and Vice Chancellor Hans Dietrich Genscher (FDP) to-day to the effect that the cabinet discussions are proceeding "in a co-operative atmosphere and with agreed aims."

The problem facing the cabinet as it discusses the 1976 Budget and middle-term finance planning is as follows.

This year has seen an increase in the size of the budget against 1974 of more than 16 per cent.—with a federal government deficit alone of some DM38bn. This is due to a shortfall in tax because of recession and extra expenditure for, among other things, unemployment benefit.

For next year, initial budget proposals envisage a nominal increase of between six and seven per cent.—itself meaning extensive sacrifices by most ministries. Yet even with this modest rate of increase, the Government would still expect a 1976 deficit about the size of the one this year.

In 1975, Bonn has been covering its deficit by borrowing. But next year—when there is expected to be at least some economic growth—it would collide with a private sector trying to take up credit, too. The upshot would be a rise in interest rates and probably the undoing of the good the Government has tried to accomplish with the DM5.75bn. programme for an economic upswing which it has just approved. Leaving that aside, there are constitutional reasons which would make continuing borrowing by the Government next year on a large scale very difficult indeed.

One way out would be to increase taxes. But in a general election year this is seen by many in the coalition as political suicide. And in any case, the FDP has been toying with the idea of tax advantages, to improve profits and increase the propensity to invest.

With both these avenues apparently closed, the coalition is thus faced with the need to make savings—not just the odd cut here and there, but really extensive measures which will markedly reduce the deficit problem.

Yet these savings are bound to affect areas of past social reforms with which the SPD in particular has been identified.

Through all this the reaction of the Opposition Christian Democrats (CDU) has been somewhat muted—for clear tactical reasons since it has no wish to drive the FDP further into the arms of its present coalition partner.

In an interview published to-day, Dr. Gerhard Stotenberg, a CDU Vice Chairman, noted with pleasure that the FDP was now advocating a policy long urged by the CDU. But he expressed doubt whether the FDP would back up its words with actions.

Swiss may mediate on Selassie 'fortune'

By John Wicks

ZURICH, August 28.

SWITZERLAND HAS said that it is prepared to mediate between the Ethiopian Government and the Swiss banks in an effort to persuade the banks to divulge the whereabouts of ex-Emperor Haile Selassie's fortune. The Government said yesterday that it was ready to help Ethiopia in any way as far as was possible.

The Foreign Ministry does not know whether any Ethiopian delegation might come to Switzerland to investigate the question of Haile Selassie's fortune, but it is believed that the Ethiopians had intended to send a delegation late last year. Nothing came of it, however.

It appears that the Swiss Government was prepared at that time to grant its limited good offices to Ethiopia. Banking sources believe that the Foreign Ministry was then intending to co-operate with the Swiss Bankers Association in Basle to find suitable discussion partners for the Ethiopians.

If an Ethiopian delegation came now—after the death of the ex-Emperor—the Government would presumably use its influence with the Swiss Bankers' Association. But it is difficult to see how Haile Selassie's funds could be located unless the bank or banks involved actually volunteered information.

The matter is complicated by the fact that Haile Selassie does not appear to have signed any document empowering the Ethiopian Government or members of the royal family to have access to the money. The Zurich newspaper Tages Anzeiger stated to-day that there were reports that the military administration possessed such a document last October, but that this was never seen by Swiss representatives in Addis Ababa. The same paper says that the ex-Emperor's will may also be in a Swiss bank vault.

It is the first time that the Swiss Government has offered to mediate, even though on a very limited basis, in a case of this kind. But there are indications that the Government would have been prepared to act in some way in at least one other recent case involving high-ranking personalities and allegedly national funds.

The question of numbered bank accounts and the protection they offer to politically exposed people around the world is already the subject of serious discussion in Switzerland and could grow into a major issue if an Ethiopian delegation came and tried to locate, or even take over, the former Emperor's fortune.

Our Foreign Staff adds: The actual amount that the ex-Emepror is believed to have held in Swiss banks is a matter of wide speculation. The Ethiopian Government has said that it believes the Emperor's total fortune outside the country was worth \$US15bn. at the time of his deposition last September, but this must be regarded as wildly improbable. It has been calculated that this is about 30 times the total national income of Ethiopia during the 58 years of Haile Selassie's rule.

Estimates of Haile Selassie's wealth are usually based on the by no means certain assumption that for about 30 years he took almost the whole output of Ethiopia's only gold mine, in which the royal family had a monopoly. According to the estimate of its output that one accepts, its value has been put at between \$36m. and \$100m.

Our Addis Ababa Correspondent writes: Ex-Emperor Haile Selassie was buried yesterday afternoon a few hours after he was found dead in the Menelik Palace. A one-line statement by the Government gave no details of the burial place or whether there had been a ceremony. The Government-controlled news media has had very little to say about the ex-Emperor since the news of his death.

THE BELGRADE-BUCHAREST AXIS

Keeping Moscow at bay

BY PAUL LENDVAI, VIENNA CORRESPONDENT

THREE PRO-SOVIET conspiracies have become known in Yugoslavia this year, the third last week when it was announced that six people had been arrested on suspicion of having spread hostile propaganda. One of them is a man known to have Russian sympathies. It would be unwise to exaggerate the significance of these affairs, but they do underline the continued danger of Soviet-sponsored subversion in Yugoslavia.

A similar spectre haunts neighbouring Romania. The Romanians, who for over a decade have resisted Soviet attempts to push through supranational integration projects in the Warsaw Pact and Comecon, know that the Soviet leadership has not reconciled itself to their flamboyantly independent foreign policy. After the 1968 invasion of Czechoslovakia, loudly denounced by both Yugoslavia and Romania, both countries gave notice of their determination to fight if attacked.

It is against this background that recent unconfirmed but also undenied reports about Yugoslav and Romanian interest in buying arms from the U.S. must be seen. This is not to say that either Belgrade or Bucharest currently faces the threat of force, expressly repudiated by the signatories of the Helsinki declaration. Marshal Tito and President Ceausescu are keenly aware, however, of the Russians' long-term ambitions to recoup political losses in the Balkans.

Profound mistrust of Soviet intentions was of course a reason why Belgrade and Bucharest were pleased to receive President Ford immediately after the Helsinki conference which ratified the European status quo, and with it the Soviet hegemony over Eastern Europe. During the Ford visit, Mr. Ceausescu sounded more like a Third World statesman than the leader of a Warsaw Pact State. Romania has asked for and received observer status in the group of non-aligned nations.

The Romanian chief of staff and deputy defence minister, General Ion Coman, during his visit to Washington last March is reported to have raised the possibility of purchasing modern weapons, including F-5 jet fighters. Yugoslavia has also expressed interest in buying planes and advanced electronic defence systems, including ground-to-air missiles from the U.S. But such interest is not entirely new. Yugoslavia received \$700m. worth of American military aid between 1949-57 and purchased planes and spare parts in the United States in the early 1960s, until growing criticism in the U.S. Congress and the rapprochement with Moscow made the Soviet Union the primary source of sophisticated and heavy military hardware.

> "Profound mistrust of Soviet intentions was of course a reason why Belgrade and Bucharest were pleased to receive President Ford after the Helsinki conference."

Yet, at the same time anything that reduces Yugoslavia and Romanian dependence on Soviet arms would be a substantive element in detente and security in the Balkans. The paradox of a situation in which their only foreign supplier of arms is the same super-power which more than once intervened with force in Central Europe "to save Socialism" and is able to make similar moves against them, is not lost on either the Romanians or Yugoslavs.

The Yugoslav and Romanian quest for arms has already taken them beyond the U.S. as a potential supplier. Back in the 1960s Mr. Ceausescu is believed to have put a request to France which was turned down in those pre-detente days. More recently both countries are understood to have approached Britain for arms. The exchange of top level defence figures between Britain and Yugoslavia this year and Mr. Roy Mason's visit to Bucharest have all provided occasions for talk of arms supplies. Whether any Western country feels the time is now ripe for arms sales to a Warsaw Pact state remains to be seen.

Meanwhile Romania and Yugoslavia have already achieved the first tangible successes in the search for sound defence alternatives of their own. On April 15 they announced that Yugoslav and Romanian experts had designed and manufactured a prototype fighter aircraft which had been flown the same day in the presence of the Yugoslav Minister of Defence, General Ljubicic. "The Eagle," as the prototype is called, was described by a Tanjug commentator as "proof of the high standards of the two countries' potential in technology and other areas" President Ceausescu later spoke out in favour of the "earliest possible" start of series production.

Both countries are seeking a high degree of self reliance in defence. The Zagreb weekly, Vjesnik I Srijedu, claimed in June that Yugoslavia could now produce 90 per cent. of its defence needs. The Romanians, who have encountered difficulties in obtaining spare parts and weapons from their fraternal Soviet ally, are making an all-out effort to develop an arms industry of their own. The size of this effort can be gauged from the fact that Romania has by far the highest investment rate measured as a percentage of national income in Eastern Europe.

A concerted approach to arms procurement would fit into the increasingly close co-operation that has marked Yugoslav-Romanian relations in recent years—the "Belgrade-Bucharest axis" as some call it. So far the main fruits have been in political and economic domains. Notable has been the two countries' parties' resistance to Soviet attempts to use the projected conference of European communists as a platform to attack China. In return Peking no longer castigates Titoist revisionism but praises Yugoslav and Romanian resistance to the "blackmail and pressure" of the Soviet Union. Neither Ceausescu nor Tito, however, have any illusions about China's (or America's for that matter) ability to protect their countries' independence.

The two neighbours' co-operation is based on a network of extremely close and frequent personal contacts at all levels of decision-making. Thus, Marshal Tito and President Ceausescu met 12 times in the past 10 years. The gigantic power and navigation system jointly built and completed at the Iron Gates on the Danube with a capacity of 11bn. kWH per annum, is a visible symbol of successful economic collaboration. Between 1970-74, bilateral trade increased fourfold to a total of \$270m.

Certainly, Mr. Ceausescu knows that with a common frontier of 830 miles across the wide expanses of Moldavia and Bessarabia, Romania will never be able to protect its independence by military means alone against a Soviet attack. But, recently in an informal conversation with a foreign visitor about the 1968 Czechoslovak tragedy he firmly stated "Why did Dubcek and his associates sign the Moscow communique after the invasion? One should never capitulate."

Similar views are held by the Yugoslav leadership. Both have embarked on an active policy to promote "a just and equitable international order" (as formulated in the U.S.-Romanian communique) in which direct Soviet political or military pressures on either country could not be exerted without the risk of reviving the Cold War and the gamble on an intervention with force would almost certainly provoke a world crisis. Therein lies the long-term significance of forging closer relations between the "Belgrade-Bucharest axis" and the U.S. but not to the point of provoking Soviet military action.

Corsica administrators replaced

PARIS, August 28.

THE FRENCH Government late to-night replaced its two top representatives in Corsica with senior civil servants of Corsican origin. The decision followed new violence on the Mediterranean island early to-day when a policeman was killed and 18 others injured as separatist militants opened fire on them in the centre of Bastia.

Prefect Gabriel Gilly and Sub-Prefect Jacques Guerin were replaced respectively by M. Jean Riolacci and M. Marcel Julia, both of whom hold high administrative positions in the Paris area. Government spokesman André Rossi, announcing the decision, said the French Cabinet decided on the move yesterday. He said the two replaced officials were being reassigned.

Meanwhile, French Interior Ministér Michel Poniatowski banned the sale of certain rifles in France and forbade the carrying of weapons in Cosica's main towns between 8 p.m. and 5 a.m. France also has warned that it might send paratroopers to Corsica, and last night three companies of riot police were drafted into Bastia, doubling the number on duty there.

The moves came after renewed rioting last night left one policeman dead and 18 others injured. The man who died, a member of the CRS police force, was hit by sniper fire. He was the third police officer killed in clashes with Corsican separatists in the past week. Three more of the injured are in a serious condition.

The shooting broke out in central Bastia after police charged demonstrators protesting at the French Cabinet's decision to ban the militant Corsican separatist organisation, Action for the Renaissance of Corsica (ARC).

The violent new campaign to win regional autonomy for Corsica began a week ago with the occupation of a wine depot in the eastern part of the island by a 50-man ARC commando unit. The leader of the unit, Dr. Edmond Simeoni, surrendered to police after they stormed the stronghold—two of their men being killed in the process.

Dr. Simeoni was to-day charged by a State Security court magistrate in Paris with leading an armed group against the authority of the State, illegal arrests, kidnapping and the attempted murder of policemen in the course of their duty.

To-day's new outburst of violence came just 12 hours after the Government in Paris outlawed the ARC. The Cabinet decision, which followed the arrest of 10 other Corsicans suspected of having taken part in the wine depot siege, unleashed a furious response from ARC extremists, particularly the young.

Ignoring appeals for calm from leaders of the movement, some 300 demonstrators, mainly young, began pelting riot police with bottles and stones late last night. The riot police charged the demonstrators and the trouble seemed to be dying down after mid-night.

Then, around 1.30 a.m., fresh trouble flared, with shop and office windows being smashed by rioters. Police charged again, when suddenly the first shots were fired by the rioters.

It was three-quarters of an hour before police received permission to shoot back, by which time three policemen were seriously injured. The man who died was hit in the face with a shotgun blast, police said.

Big police reinforcements poured into Bastia this morning as the centre of the town was sealed off in the hunt for the gunmen. Officials said six people were arrested and a large quantity of arms uncovered. Weapons used by snipers in the gunbattle included Winchester rifles, pistols and shotguns, police said.

There was no official word on the number of rioters hurt but at least one was reported badly injured. Witnesses also reported seeing a photographer being violently struck by riot police in the confusion, and journalists on the spot complained to the authorities.

In Paris, President Valery Giscard d'Estaing conferred with Prime Minister Jacques Chirac and Interior Minister Michel Poniatowski on the new trouble. M. Poniatowski was in telephone contact with Bastia throughout the night, and issued a stern warning to-day that the Government was determined that the Bastia gunmen should be hunted down and punished.

According to a police union spokesman, he promised to send in France's militia-like "mobile police" force, or even police paratroopers, in the event of a new siege.

Swiss to buy Northrop jets

BY JOHN WICKS

ZURICH, August 28.

THE SWISS Government has decided to buy from Northrop in the U.S. 72 F-5 Tiger aircraft for a large-scale air force re-equipment programme. The Federal Council to-day announced that it will call on Parliament to grant a credit sum of Sw.Frs.1.17bn. (about £210m.) for the purchase, with the possibility of a subsequent Sw.Frs.150m. to make up for inflation.

Parliament is expected to handle the matter early next year. If, as the Defence Ministry hopes, an order can be placed by April 1, 1976, the aircraft would be delivered between early 1979 and the spring of 1981.

The decision of the Government in favour of the Tiger follows evaluation work going back as far as 1966. In 1972 the Government postponed the programme until further notice in spite of the Defence Ministry's expressly recommending that the Corsair model be bought. As an interim measure, orders were placed with Hawker Siddeley for a number of refurbished Hunter aircraft.

The approval at this stage of the Northrop plane, which had already become the sole short-listed model, was preceded by lengthy negotiations aimed at yielding an advantage for the Swiss economy in connection with the purchase. The Swiss succeeded in signing an agreement with the U.S. that orders will be placed by the U.S. equal in value to at least 30 per cent. of the purchase sum. At the same time, it is foreseen that 53 of the 72 planes will be assembled in the Swiss federal aircraft works at Emmen, near Lucerne.

The order comprises 66 single-seater and six twin-seater Tiger fighters, according to the Defence Ministry in Berne.

Danes plan £400m. reflation

BY HILARY BARNES

COPENHAGEN, August 28.

A REDUCTION of 5⅓ per cent. in value added tax for six months from September 29 was proposed to-day by the Social Democratic minority Government. This is the main measure in a Kr.5bn. (£400m.) package intended to boost the economy.

The other measures include the immediate repayment of Kr.1bn. in compulsory savings made by the public in the autumn of last year, Kr.700m. to be spent in supporting the business sector, especially the export industry, and Kr.700m. in new public sector investment projects.

The VAT reduction will not apply to motor vehicles, an exception taken to prevent a sudden boom in car imports. VAT is now levied at 15 per cent.

The proposals were made at a Press conference to-day as new unemployment figures showed a rise to 9.6 per cent., or 111,000, at the beginning of this month. The Government said the measures should bring unemployment down by about 50,000, while the effect on the current balance of payments would involve a foreign exchange loss of about Kr.1.5bn.

The proposals will be placed before the Kolketing (Parliament) in a special session beginning on September 8. It is as yet uncertain whether the Government will be able to obtain a majority, which requires the support of three or four other parties. The coming week is expected to bring a series of tough negotiations, in which the Right-Wing Opposition parties will be pressing for a long-term incomes policy as their price for supporting the Government.

TURKISH LIRA DEVALUED

By Metin Munir

ANKARA, August 28.

TURKEY to-day decreased the value of its lira against the U.S. dollar, by 1.72 per cent., for the third time in less than two months.

The dollar, which was worth 14 lira before the three adjustments, is now worth 14.75 lira, a cumulative increase of 5.3 per cent.

OVERSEAS NEWS

Japan may speed up reflation

By Charles Smith

TOKYO, August 28.

OBSERVERS were forecasting to-day that the next planned cut in bank rate—the fourth since the Bank of Japan began relaxing its monetary restraints last spring—may be brought forward and enlarged as part of the Government's attempts to revive economic activity and stave off further business failures. This follows news of another big trading company—Chori—being in financial difficulties. Earlier this week Kohjin company collapsed.

A 0.5 per cent. cut (the same as the previous three) has been generally forecast for early October, but there now appears to be a possibility of a cut of 1 per cent. being announced towards the end of next month. Plans are also being made to speed up deliberation in the Diet on the proposed supplementary budget due for approval this autumn. The budget, which will include big appropriations for increased public works spending, may be submitted to the Diet before the end of September.

Meanwhile Japan's overseas investment fell back to the 1972 level during the 12 months ending last March, after recording a sharp rise in the previous year.

The value of new investment approved by the Ministry of Finance during the year ending in March was $2,396m., 31 per cent. less than the previous year's figure, the Finance Ministry announced to-day. The fall is attributed not only to world-wide recession, but also to the Government's policy of discouraging investment in such optional sectors as leisure and property development.

Real estate investments by Japanese companies showed an 85 per cent. fall last year compared with the previous year.

Mrs. Gandhi's son lashes state sector

BY OUR ASIA CORRESPONDENT

SANJAY GANDHI, the son of the Indian Prime Minister, Mrs. Indira Gandhi, and one of a mere handful of people now closely consulted by the Indian leader, has delivered what amounts to a stinging attack on the "socialist" economic policy of the Government and on its alliance with the Communist Party.

As well as calling for a boost to be given to private enterprise, he also attacks the Moscow-oriented Communist Party of India, the staunchest supporter of his mother in her Declaration of Emergency. Mr. Gandhi is a businessman in his late twenties.

BY K. K. SHARMA

NEW DELHI, August 28.

MR. SANJAY GANDHI, influential son of Mrs. Indira Gandhi, the Indian Prime Minister, has publicly come out in favour of a private sector oriented economy.

He told the magazine "Surge" that he is also opposed to nationalisation and would not mind seeing the existing public sector "die a natural death" if it cannot compete with the private sector. Mr. Gandhi's interview is the first of its kind to be published.

In it he suggested that controls on industry be lifted, taxes be reduced and the private sector given full freedom to "revitalise the economy."

On the political plane, Mr. Gandhi significantly criticised the Communist Party about which he said: "I don't think you would find a richer or more corrupt people anywhere."

He felt that neither the Communist Party nor the Hindu Nationalist Jana Singh was cadre-based and this is what he would like the ruling Congress to become.

Mr. Gandhi believed that the only way to "finish off" big business is to remove all controls.

"In a controlled economy it is big business that expands because they are the people who have the resources and the capability of getting around the controls."

Asked whether he believed in nationalisation, Mr. Gandhi said: "No, not at all." He pointed out that after the coal industry was nationalised, prices of coal increased from Rs.35 to Rs.90 a tonne while the industry incurred a loss of Rs.1bn.

Opposing the high rate of taxation in India, Mr. Gandhi said: "When I pay 97 per cent. it goes towards financing the inefficiency of the government. So, why should I pay?"

In reply to another question Mr. Gandhi said he believed in democracy but "democracy does not mean the freedom to destroy everything there is in a country. Democracy means the freedom to build a country."

Asked about the role of the opposition, Mr. Gandhi said: "In India effectively there has been only a one party system. The Congress—being everywhere and not being able to be defeated was that the opposition was so irresponsible."

He added that people preferred to vote for the Congress because they did not want the Communists and others were "such a bunch of rabble." Mr. Gandhi devoted a major part of the interview to deny the charge that he had obtained extra advantages in running his car factory, Maruti, because he is the Prime Minister's son.

Rockwell put on Arab boycott

CAIRO, August 28.

THREE major U.S. companies and the Romanian airline Tarom were added to the Arab blacklist to-day for dealing with Israel, the Boycott Commissioner General said.

Mohammed Mahgoub said the firms added to the list are North American Rockwell and all its branches, Berkey Photo Corp. and General Telephone and Electronics Co. They will be barred from doing any business with Arab countries.

Conference sources said adding the Romanian airline to the list reflects Arab dissatisfaction with increasing economic dealings between Romania and Israel.

Romania is the only east bloc country to maintain diplomatic relations with Israel.

"The Arab Boycott Office also removed the names of 11 foreign companies from the blacklist, Mr. Mahgoub added.

They include three American multinational giants with 100 subsidiaries worldwide dealing in cars, machines and glass and plastic products, and a French firm which has a chain of commercial branches throughout France.

The Boycott Office is expected to remove the names of more than 60 other foreign companies from the list during its current closed-door meetings at the headquarters of the Arab league in Cairo. The 10 day conference opened Saturday.

It removed the names of 17 foreign companies from the blacklist Wednesday and added the names of three companies. AP-DJ

Reuter adds from Washington: Commerce Secretary Rogers Morton decided not to make public the names of U.S. firms which have been asked to back an Arab economic boycott of Israel.

Israel focuses on U.S. aid details

BY ROBERT GRAHAM

JERUSALEM, August 28.

AS U.S. Secretary of State Dr. Henry Kissinger's shuttle mission appears to be nearing its conclusion, interest is focusing here on the dimension and scope of American military and economic aid. This item has been left until last and is part of bilateral negotiations between Israel and the U.S.

The broad line for the Israeli economic and military demands were spelled out in Washington by an Israeli team before Dr. Kissinger left for his latest mission. However, neither side has yet announced agreement and only to-day did the negotiating team touch on the subject.

Following the collapse of Dr. Kissinger's mediation effort in March, Israel's request for up to $2.5bn. in military and economic assistance was shelved while the U.S. Administration undertook its well-publicised "re-assessment" of Middle East policy.

Of the Israeli $2.5bn. demand, roughly $1.8bn. was believed to have been for military equipment and some $700m. for economic aid. Now on top of this the Israelis are said to be asking for a further $750m. This would be partially for more military equipment plus some $150m. for dismantling the existing defence lines in Sinai and as much as $350m. to compensate for loss of crude supplies from the Abu Rodeis oilfield. It is also expected that part of the extra sum sought will be utilised to construct special underground oil storage tanks to ensure adequate future stocks.

Another issue still requiring delicate "technical" negotiations is the presence of U.S. personnel—to be called the "Custodians" in the public Israeli-Egyptian agreement—in the Sinai buffer zone manning two to three surveillance stations.

Observation posts to help guard against surprise attacks are an essential ingredient in the new Middle East settlement. **S. R. Elliot,** of the Institute for Strategic Studies, explains how they work

The electronic eye-ball

A KEY FACTOR in the current round of negotiations toward peace in the Middle East has been the existence and operation of observation posts. Though these posts involve the use of the latest modern electronic gadgetry, rather than the traditional "Mark I Eyeball," the military principle involved is as old as recorded military history.

When the Israeli Defence Forces (IDF) withdrew from the immediate area of the Suez Canal in late 1973 they established a new defence line based upon a range of hills lying roughly parallel to, and some 25 miles from, the Canal. This range is cut by the three passes, Mitla, Giddi, and Khatmia, through which any major military movement—in either direction—would be forced to go. Beside these passes, on both the eastern and western slopes of the range, are a number of prominent features. Possession of these features enables a defender to overlook the plains below him. In daylight hours normal human vision, augmented by simple devices such as binoculars, can provide the local commander with an accurate and "real-time" report on what his opponent can be seen to be doing. At night, or in conditions of poor visibility, the observers must have their sight augmented by more sophisticated devices.

Two categories

What are these devices? There are two main categories, short-range, front-line devices, now grouped under the new term "infyonics," and the longer-range, early-warning devices which are based on variants of radar. These latter devices may be sub-grouped by function—intelligence-gathering and tactical surveillance. The precise details of what equipment is available within the area are scanty. It is in the security interest that information concerning the existence, capabilities and deployment of this equipment be restricted. But many items have been in use for some years and may, fairly safely, be assumed to be in service in the area.

At the fighting unit level, observation tends to be simple, short-range and personal. The infantry observation post, with *binoculars*, a card showing ranges and salient terrain features, a log and a telephone, all of which were developed at least as early as the First World War, still pertain. Occasionally personnel will be found and the Israelis have developed a tall tower mounted on a tracked vehicle to give height that, in more built-up areas, would be provided by church steeples, factory chimneys, and the upper floors of tall buildings. The use of this device in periods of *active hostilities* would be unwise.

The short-range infyonics to augment the human eye and ear are *a family of electronic equipment* with a degree of integration in their design and use. In general they augment, but do not replace, the human capabilities. They include all the equipment intended to enable a man to see at night, such as special "starlight scopes" and binoculars, sights and scanners. They include acoustic devices which can pick up and locate minor movement beyond the range of *normal hearing*. Skilled operators soon develop the ability to distinguish between normal animal and human-caused noise. And to them are added more esoteric devices; radar sets which can detect men moving across a field a considerable distance away, forward-looking infra-red detectors which can spot individuals or their vehicles, and yet others which can detect electrical emissions from enemy radar or radio. Most of these have to be attended by a small crew. But there are others, including some which can detect human body odours, which can be deployed and then left unattended to report movement detected in their vicinity to a central control. Some of these devices can be used to augment the line soldier's capability to engage his enemy; others merely report where that enemy may be. *In the context of the present disengagement* it is the latter characteristic that is most important.

It is unlikely that the Israelis are unduly concerned about the possible threat to forward units in the Sinai. Of vital concern is *the ability to locate and evaluate* any major threat which may develop. And it is this protection which the early warning system *is designed to provide*. No significant military action can take place without the support of major armoured and air forces. *But such is the terrain in the* Canal area that these cannot deploy without being observed. If they are deployed then the *tactical warning radar installations* have a relatively straight-forward job. They must search the area from which an attack is expected. *If they can establish* that there is an enemy presence, then they must attempt to pinpoint it and then establish precisely what and how large a force it is. They must attempt, in other words, to provide a rare warning to the defence commander of the threat he must meet.

Major defensive deployments *to meet a potential threat would* be made as the result of longer-range surveillance involving the whole range of sources and agencies available to the defence establishment. As far as early warning radar is concerned, the problem hinges on the collection, differentiation and recording of subtle changes in radar signals. By the time a massive air movement begins, any warning time would be reduced to the time it takes for that air movement to cover the distance from its airfields to the defensive position the radar is deployed to protect—and so would be too late. But the more subtle early warning indicators impose great demands on the operators of the equipment. They must maintain a continuous watch on the sources of such signals, logging, comparing and evaluating any changes that may occur. Any they cannot understand, or which may be unusual or suspicious, must be reported immediately to the intelligence staffs at the senior headquarters *in order that these indications may be read in context* with information derived from other sources. It will be obvious that any weakness in the human element of these radars can have dangerous effects upon the reliability and efficiency of the source itself.

The arguments during the current negotiations have centred about an installation on a peak just to the north west of the western end of the Giddi Pass, Jebel Umm Khusheib. This peak stands 2,100 feet above sea level and dominates the whole *centre sector of the Suez front*. Equipment in the installation on its peak can allegedly spot and follow aircraft on the airfields well into Egypt in the lower Delta. Possession of this feature gives the Israelis surveillance over the approaches to the centre of their defensive position. Reports concerning the location and type of equipment, along with that of other, similar positions tend to be contradictory. There may be one other, and perhaps as many as four, lesser sites, but the retention of a facility at this point is considered by the *Israelis as vital to their defence*.

What would be their alternatives? If they had to withdraw, the next possible position would be either the Gebel Yi'allaq, a 3,559 foot peak lying south-east of Bir Gifgafa, or the Gebel el Ma'aza (2,500 feet) lying north east of Gifgafa. But these have two major drawbacks. They lie behind the major airfield at Rifidim and the major headquarters at Bir Gifgafa. But, more important, they lie behind the passes. Radar signals, except for those in the highly sophisticated Forward Scatter strategic systems, rely on line-of-sight. The *interposition of a hill means that* there is an area behind that hill which the radar cannot "see." Such an area would provide a covered approach for an aggressor. In the IDF view this would place their forces at risk.

Early warning

The proposal to have a number of stations, serving both Egypt and Israel, as well as the U.N. manned in part by U.S. civilian technicians, is an attempt to provide for the continued operations of such early-warning systems while, at the same time, ensuring that the two forces, which would normally provide their protection, are *withdrawn to conform to* political demands. There would be no technical difficulty in establishing a new post for the Egyptians, who hitherto have lacked such a facility. The siting of tactical surveillance devices in the passes would ensure that infiltration was kept to a minimum. But there are a number of very real technical, operational and administrative problems when it comes to the actual joint manning and operation of a site. Bitter personality clashes are not unknown even when the crews of such sites are more or less homogeneous in terms of background, training and experience. The prospects of misunderstanding and conflict are much greater when the crews are mixed and the motivation of the members of the two components is as disparate as it will be.

It is possible that the Israelis will not, in fact, rely too exclusively upon the reports from such installations but will, as a *compensation, equip and operate* devices within their own control, either in fixed sites or, accepting the handicaps, in *converted transport aircraft*. They have had the latter facility, using C-47s, for some years. They have also been looking for other, newer types, such as the AWACS now under study within NATO. This move poses a problem to the U.S. For the first time it will become directly involved with the mechanics of day-to-day peacekeeping. The risks of being put in that position have not been lost on the Democrats in Washington. And it is unlikely, if anything unpleasant does happen, that the U.S. technicians will be able to do much about stopping it. But the greatest obstacle to peace between Arab and Israeli is the *mutual suspicion which has developed*. Any aid which can be provided in order to provide an environment in which that suspicion may be reduced will be of value.

HOME NEWS

Prior puts blame on Foot for jobless school-leavers

BY RICHARD EVANS, LOBBY CORRESPONDENT

A FIERCE personal attack on Mr. Michael Foot, Secretary for Employment, was made last night by Mr. James Prior, Conservative Employment spokesman.

Mr. Prior, speaking in his Lowestoft constituency, said that it was imperative that effective action was taken to help those who would suffer most from the Labour Government's incompetence.

"That word cannot be spoken without bringing to mind Mr. Michael Foot. Never has there been a more hapless, short-sighted, weaker Secretary of State than Michael Foot. The next few generations of youngsters leaving school and looking for a job have him to blame as much as anyone if they find themselves idle."

Mr. Foot

Mr. Prior

'Unprepared'

Many Labour MPs will think that Mr. Prior's comments, although made by a politician who believes in outspoken criticism, go beyond the normal bounds of political give-and-take.

Mr. Prior said that over many months the Conservatives had drawn attention persistently to the gathering crisis of unemployment among young people but when the storm broke, Mr. Foot had no plan ready.

"Quite apart from the demoralising effect on the young people themselves the country itself will reap a bitter harvest in a few years if some imaginative way is not found to occupy their energies in constructive and beneficial ways."

Such a programme implied a radically new approach to training, further education and work experience courses, but there was no sign yet, apart from a few piecemeal measures, that the Government had begun to get its priorities right.

Far from Conservatives bringing about unemployment, it had *been the Labour Government* which month by month was breaking new and terrible jobless records.

Conservative warnings had shown that Labour policies would lead to this but they had been ignored. "Now they are thankful that in the crisis they have created we do not knife them in the back."

Mr. Prior said he found it depressing that the Government was impeding the success of its anti-inflation strategy by hanging on to policies such as nationalisation which were clearly as harmful and counter-productive as those which had been abandoned.

"This Government is wanting the people to join with it in a collective effort to get the country through a crisis, but it is not prepared to encourage that support by ditching the most partisan and dogma-ridden of its policies." Mr. Prior said.

U.S. interest in Meriden model

By Peter Cartwright, Midlands Correspondent

MR. DENIS JOHNSON, chairman of the Meriden Motor Cycle Co-operative, is in the U.S. studying the potential for Meriden-made Bonnevilles.

He has already met more than 40 dealers. "We have been very encouraged by our discussions. They have reinforced our impressions of the potential of the U.S. market for motor-cycles," he said last night.

Mr. Bob Myers, a leading dealer who has been to Meriden several times, and who originally offered to organise U.S. motor-cycle dealers to take Meriden's output, said the interest in the Bonneville twin cylinder 750 cc model was undiminished.

"Some 300 dealers are interested in selling British motor-cycles in this part of the U.S.," he said. "The Meriden Co-operative representatives met more than 40 of them from New Jersey, Colorado, Pennsylvania, Ohio, Baltimore and other places.

"On the basis of a Meriden output of 500 a week and an average of around 7/8 units a year for each of 300 dealers, the 40 unanimously agreed they could take this number and more at the price of $2,100, which is very competitive."

This is a much more optimistic picture of the U.S. market than has been presented by Norton Villiers Triumph, which admits that its Norton Commandos, for instance, are too highly priced at around $2,400.

It is becoming increasingly clear that NVT's strategy for survival in the motor-cycle field is based on concentrating production of existing models at its Small Heath, Birmingham, factory with a minimum work force, perhaps no more than 300.

This, it is hoped, would enable the company—which has put its Wolverhampton operation, employing 1,300 into liquidation, and to-day issued the first 200 redundancy notices to 1,500 workers at Birmingham — to keep in existence for the year or so reckoned to be required before it could bring prototypes to the assembly lines.

Meanwhile, Small Heath would rely heavily on subcontract work for Dowty and Massey-Ferguson, which has been bringing in about £2m. a year.

There are sufficient components for making Norton Commandos (the main output at Wolverhampton) and Triumph Tridents at Small Heath on a reduced scale for six months.

By cutting back the labour force at Small Heath, buying back the necessary plant and stocks from the liquidator at Wolverhampton and transferring them to Birmingham (including industrial engines), production of existing models might be stretched to a year.

Barclaycard follows Access and raises monthly loan rate

BARCLAYCARD is following the lead of its rival Access in lifting the rate of interest on loans to its 3m. cardholders from 1½ to 2 per cent. a month from November 1.

The move reflects the strong pressures of high interest rates, rising costs and Government restrictions which have pushed both bank card operations into losses in the past couple of years.

It means that the maximum true annual interest rate on extended credit from Barclaycard will rise from 19.57 per cent. to 26.82 per cent. Barclays points out, however, that this is a theoretical maximum which does not take into account the free credit period which varies from 25 to 56 days.

Making allowance for this factor, actual money cost of loans on bank credit cards can be much *lower than the maximum it is* pointed out.

Mr. Frank Snushall, Barclaycard's divisional general manager, said: "Inflation, the cost of money and greatly increased overheads have taken their toll. The autumn increase in postal charges will mean that our post bill alone will have risen by nearly £1m. in two years."

Severe effects

The Government restrictions introduced in December, 1973, had had severe effects. These *increased the minimum repayment* on the credit cards from 5 per cent. or £2 a month, whichever was the greater, to 15 per cent. or £6.

As a result the effect of these restrictions has been the expansion of the lending on which the banks hope to earn profits from credit card operations had been cut to very low levels, in spite of a continued sharp increase in their use. In the case of Barclaycard, it cut the average period for which credit is taken from seven to four months.

Mr. Snushall said that a *change to a 2 per cent. a month* charge was essential "if we are to avoid losses greater than we have already experienced."

It is the first time that Barclaycard has changed its interest rate in the nine years since it was launched in 1966, and the decision reflects the sharp turnround in experience recently.

Access, which appeared much later backed by the other three big banks and others, thought never to have been in a profit position. But after establishing its market Barclaycard did make profits in the two or three years before 1973.

It is noticeable that its statement lays rather more emphasis on the cost element of its difficulties than Access, which tended to stress the interest rate problem more.

Both cards have continued to enjoy a substantial growth. Barclaycard reports that new cardholders have been coming in at a rate of 40,000 a month, and its turnover was 60 per cent. up in the first six months of the year compared with last year. Access has said its turnover was up by over 100 per cent.

Both organisations have considered other ways of tackling the problem, including for example reducing the free credit period or charging a flat fee to cardholders, but both have come down in the space of a fortnight to a straight lift in interest charges.

Sports Council plea over Olympic TV

By Arthur Sandles

BRITISH SPORTS interests have now added their plea to the International Olympic Committee to make sure that a row over money should not rob Europe of television coverage of the 1976 Montreal summer Olympic Games.

Sir Robin Brook, chairman of the Sports Council, has said that the absence of Olympic TV could damage U.K. sport.

His argument is based on the fact that the four-yearly Olympics are a great spur to interest in athletics. In his letter to the IOC, *he points to the surge* in enthusiasm for gymnastics after the heavy coverage of displays by Russian gymnast Olga Korbut in Munich.

The IOC, whose president is Lord Killanin, is the final arbiter in any Olympics dispute. At the moment the non-American television authorities are offering $Can9.3m. for broadcasting rights, and the Montreal organising committee has sought $Can18m.

IN BRIEF

Clay Cross Bill

The eleven former Clay Cross *rent rebel councillors will face* the bill to-day when they appear at Chesterfield county court on debts of £63,192 involving wages for allegedly unnecessary workmen, rent they failed to collect under the Housing Finance Act, and council expenditure disallowed by the District auditor.

Brewery expansion

The Imperial Group subsidiary, John Smith's Tadcaster Brewery, is to spend £5m. on expanding its Tadcaster, Yorkshire, brewery. But it has also confirmed that its Barnsley plant will cease brewing operations next Spring in spite of local protests.

Factory work

Following negotiations with the TUC and the CBI the Health and Safety Commission has agreed in principle to reorganise its factory inspectorate to ensure a greater degree of industrial specialisation.

Patent law

In the wake of a Government White Paper on patent law reform, the Institute of Patentees and Inventors has produced a report urging the need for a statutory scheme to reward employed inventors.

Postal watch

Guernsey's Post Office Board is clamping down on U.K. firms who take advantage of the low local postal rates to route mail via the island. It has altered the British Post Office to watch for any unusually large postings from the island.

Fridge sales

Deliveries in May of domestic refrigerators to the home market by British manufacturers totalled 91,277 compared with 113,510 in May 1974 according to the Food and Refrigerator Council.

A Scots first

SCOTLAND'S FIRST international television-style business conference, using the Post Office's Confravision service, takes place to-day. Executives from Paul Anderson (U.K.), a company specialising in lifting heavy loads, will "meet" colleagues in Stockholm over a sound-and-vision conference link set up from the Confravision studio in Glasgow.

Search for West End Press HQ

By John Trafford

THE Property Services Agency, acting on instructions from the Foreign and Commonwealth Office, is looking for a building in the West End of London which could be used as a Press Centre to provide facilities for journalists covering three important international conferences to be held in London in the first half of 1977.

No such Government-sponsored Press Centre now exists in London.

The property most likely to be chosen is the Bath Club in St. James's which was bought in 1959 by Harry Hyams and the late Felix Fenston and now belongs to Amalgamated Investment and Property Company.

Apart from the fact that it is vacant, another advantage of the property is its proximity to Lancaster House where both the Commonwealth Prime Ministers and the EEC Summit conference are expected to be held in 1977. The third conference scheduled for early that year involves the 15 NATO countries.

Up to 800 journalists could attend the EEC and the Commonwealth Prime Ministers' conferences.

Labour 'threat' to Press freedom

BY PETER FOSTER

THE COMPLETE destruction of Press freedom is threatened by the recent proposals put forward by the Left-wing of the Labour Party, according to Lord Shawcross, chairman of the Press Council.

In the council's report for 1974, published to-day, he launches a stinging attack on the Labour Party's discussion document, The People and the Media, a shortened version of which was submitted earlier this year to the Royal Commission on the Press.

There was much in the pamphlet which, "although not new, is interesting and useful," he said. "I believe, however, that two of its major proposals could lead *to the utter destruction of the freedom of the Press.*"

The first was the proposed central control of advertising revenue and the second, workers' control.

On central administration of advertising, Lord Shawcross claims that the scheme "is so impracticable it may seem unlikely to be adopted. We must be sure it is not.

The late Mr. Lenin

"Somewhat more subtle, and possibly derived from the theory of Soviet Press control, are vague proposals about what is misleadingly described as 'internal or industrial democracy'."

He was in favour of worker participation in management, but "in the form which is canvassed in the Labour Party's submission to the Royal Commission, it is wholly objectionable, and seems to regard the freedom of the Press as some form of proprietary right enjoyed by workers in the newspaper industry."

The notion of "democratic accountability" would mean that editors would be responsible to a council composed of workers' representatives.

"This would be quite intolerable. It must be said that machine-minders, electricians, fitters, van drivers and others who happen to be exercising their modest skills in a newspaper publishing business are, by reason of their employment, no more qualified to settle editorial policy than people performing the same tasks outside the industry."

"Referring to assurances that editorial freedom would be preserved, Lord Shawcross says: "There were similar assurances from the late Mr. Lenin. Before the October Revolution he declared: 'Freedom of the Press must be complete.' We know what happened afterwards."

"These threats came at a time when the freedom of the Press was of maximum importance because the problems facing the country had never been "more complex, confusing, or difficult for ordinary people to assess."

Varying viewpoints

"They are problems which cannot be resolved by instinct: citizens must be able to rely on a free, an independent and a diversified Press to inform them clearly about the facts essential to an understanding of the problems and advise them, from varying points of view, of the solutions."

The report says the council disposed of 376 inquiries during 1973-74. Adjudications rose from 34 in the previous year to 41, of which 14 upheld complaints and 27 rejected them.

The Press and the People, 50p from the Press Council, 1 Farringdon Street, London EC4A 4BL.

Record £92m. profit for Lloyd's on 1972 account

BY JAMES McDONALD, SHIPPING CORRESPONDENT

LLOYD'S, THE London international insurance market, made a record profit of £91.99m. in its three years underwriting account of 1972, which closed at the end of last year.

Mr. Havelock Hudson, chairman, gave a warning, however, that the 1973 account, still with one year to run, would be "mediocre" and that the 1974 account would be "bad."

In effect, the 1974 account was expected to produce a loss. The last loss made by Lloyd's in its global returns was in 1967, but Mr. Hudson said yesterday he expected the profit and loss "cycle" in Lloyd's to be on a "shorter swing this time."

Underwriters had learned the lessons of 1965 to 1967. "They have reacted correctly by renewing contracts on good business in order to retain it and by allowing bad business to go.

"If I am right, the downturn in profit will be more short-lived than was the case in previous periods of unprofitable underwriting."

The £91.99m. profit exceeded the previous record 1971 account profit by £14.5m. All sections of the Lloyd's market contributed to the 1972 balance, which represented a profit of 9.61 per cent. on a premium income of £957m. The 1971 balance of £77m. represented a profit of 8.89 per cent. on a premium income of £871m.

Accounts are left open at Lloyd's for three years, during which all premiums received and all claims paid are attributed to the calendar year in which the business was actually transacted.

Insurance—the most important factor in the City's invisible earnings—accounted in 1973 for over £370m., says Lloyd's, with more than half of this total contributed by Lloyd's underwriters and brokers.

Lloyd's made a massive contribution to the U.K. balance of payments with 75 per cent. of premiums being earned overseas.

In this context, Mr. Hudson referred to recent political criticism of "City bosses working a three-day week and three-hour days."

It was not unusual for underwriters and brokers to work well outside normal working hours under considerable stress and at week-ends. "Attempts to denigrate efforts of workers in the City of London are bitterly resented."

He hoped that an increase in new overseas business would mean that recovery from the present downturn could start next year.

Big increase

There had been a big increase in inquiries from the U.S., with the most important rise probably in non-marine business.

This year Lloyd's has received 1,300 applications for membership of which 1,100 may be approved, with 200 of these overseas applicants.

There had now been five successive profitable years for Lloyd's underwriters. "There is every indication that the U.K. Government is aware of the absolute necessity for industry and commerce to operate profitably."

Mr. V. V. Hudson, chairman of Lloyd's Motor Underwriters' Association, reporting on the 1972 result, said that with premiums raised to a more realistic level, in the face of rising claims costs, a reduction in claims incidence during a very good motorng winter had led to the best profit for several years.

The 1972 profit of 12.72 per cent.—£8m. on premium income of £66m.—compared with a small profit of 3.87 per cent. in 1971 and losses on the 1969 and 1970 years of account. Motor premium income rose by 27.6 per cent. in 1972.

Mr. Hudson said of the future: "In present conditions, premiums must continue to increase to keep pace with the sharp increase in costs. To keep these increases to a minimum we continue to restrict both claims costs and premium levels."

Mr. C. O. Gibb, chairman of Lloyd's Underwriters' Association, said the 1972 account produced a satisfactory profit for the marine market. The 1973 account, however, was showing the effects of increased competition, which would result in a reduced profit.

The 1972 aviation account produced a profit of £9.6m. down from the record £15m. for 1971, Mr. J. M. T. Hewitt, chairman of Lloyds' Aviation Underwriters' Association, reported.

Mr. A. B. Gray, chairman of Lloyd's Non-Marine Association, said the 1972 account had produced a profit of 4.43 per cent. for the non-marine market — £19m. on a premium income of just over £398m. Profit was £2.7m. down on 1971.

Equity and Law rejects commission agreement

By Eric Short

EQUITY AND Law Life Assurance Society, which four years ago quit the Life Offices Association, is refusing to be bound by the new commission agreement recently enacted by the LOA and the Associated Scottish Life Offices with the acceptance of the leading insurance broking organisations.

Under this agreement, the basis of assessing initial commission on life policies will change next July from being £2 per cent. of the sum assured to one relating to premiums. It will be a sliding scale at the rate of 2½ per cent. of the premiums for each premium paying year of the policy up to a maximum of 60 per cent.

Although Equity and Law will go along with this change from next July, its maximum commission will be 125 per cent. Thus for whole life contracts taken out by people under 30, the company will be paying more than twice the rate, although its new scale represents a considerable reduction.

In a surprise move the company left the LOA in June 1971 over the question of indemnity terms. Under these, selected brokers are paid the initial commission in a lump sum at the outset. The LOA and ASLO do not allow such payments.

Setback

Equity and Law's decision is a major setback to the LOA which hoped that the new commission structure would enable the organisation to expand its membership to embrace most of *the life companies which do not* subscribe to the present system. The other non-members, mostly the newer unit-linked companies, are not unsympathetic to the idea.

Its marketing implications could be serious. Certain broking organisations covering both the mortgage broker and the medium and small high street brokers have opposed the change.

BA chief seeks staff help in reversing £9.4m. loss

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS group earned a small trading surplus of £5.4m. in the year to the end of last March, but the net result after paying taxes and interest, was a loss of £9.4m.

This compared with a net profit of £16.6m. in the previous year, on a group trading profit of £63.2m.

Sir David Nicolson, chairman, said yesterday when presenting the accounts that the 1974-75 results would have been better and the airline would probably have at least broken even had it not been for a long series of industrial disputes which cost £11m. in lost revenues.

The sharp deterioration in the financial results from 1973-74 to 1974-75 reflected the condition of the British economy and the world economic situation, coupled with general price inflation, particularly of fuel, which cost the airline £70m. more last year.

Nevertheless, the 1974-75 result was considerably better than that of some of BA's main competitors, such as Pan Am and Trans World Airlines, and better than many of its Continental counterparts.

This year would continue to be difficult. "Plans have been formulated which could give the airline an operating surplus in the current year, although much will depend on the degree of acceptance of these plans by the staff."

The plans included continuation of the previous year's policies of staff retrenchment where possible, withdrawal of older aircraft, some reductions in frequencies and a general *streamlining of operations.*

Sir David—who hands over the chairmanship of BA to Sir Frank McFadzean at the end of this year—also said that progress in implementing the merger between BOAC and BEA had been slower than anticipated.

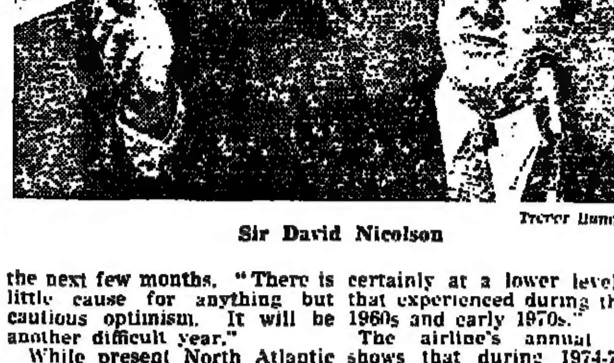
"In many areas, there was resistance to change. New forms of management/trades union machinery were set up to deal with such matters, but progress is slow. Nevertheless, we are convinced that the right approach is being made, and we shall continue to provide the necessary environment for negotiations to be satisfactorily concluded."

Sir David disclosed some details of future plans, including a second no-reservations Shuttle service on the London-Edinburgh route next April subject to satisfactory talks with the unions.

BA had been encouraged by the success of the London-Glasgow Shuttle, which was expected to break even in 1976-77. Other possible routes for Shuttle services now being examined include Paris, Amsterdam, Dublin, Brussels and Belfast.

Commenting on the introduction of Concorde, he said that there was still uncertainty over fare levels, routes, landing rights in many parts of the world, notably the U.S., and the aircraft's overall profitability.

Negotiations on fares would start soon.



Trevor Humphries

Sir David Nicolson

Sir David did not hold out much hope for a major improvement in the airline's situation in the next few months. "There is little cause for anything but cautious optimism. It will be another difficult year."

While present North Atlantic traffic was disappointing, BA's market share was improving. Far East routes were doing well, and in Europe the airline was now meeting and beating its budcetary targets. "In the longer term, we expect growth to return in all our markets, but certainly at a lower level than that experienced during the late 1960s and early 1970s."

The airline's annual report shows that during 1974-75 the BA group, as a whole, carried 13.3m. passengers, or about 1m. fewer than in the previous year. Because of higher fares turnover was up 16 per cent. to £748m., and revenues increased by £98m. to £665m., a rise of 17 per cent.

Call to protect Labour MPs

BY RHYS DAVID

A CALL for the Labour Party to devise its own conciliation machinery to protect MPs from the "new McCarthyism" in the party was made yesterday by a leading Labour moderate Mr. William Rodgers, Minister of State for Defence.

Mr. Rodgers was speaking in his constituency in Stockton in the wake of reports that Mr. James Callaghan is likely to be *criticised by a minority in his* local party, Cardiff S.E., over the Government anti-inflation policies. Another Labour MP, Mr. Frank Tomney, may lose the support of his local party executive at a meeting in Hammersmith North to-night. The executive is thought likely to recommend that the constituency management committee, when it meets next month, should ask Mr. Tomney, who is 67 to stand down at the next election.

Reports that Mr. Callaghan would be prepared to resign his position on the Cabinet and fight as an independent if defeated in a vote of censure were being dismissed in Cardiff yesterday, however. Though 14 out of the 50 or so members of the *constituency party have signed a* letter sent to the Newham North East constituency Labour party backing its decision to seek to displace Mr. Reg Prentice, Minister of Overseas Development, at the next election, there is thought to be little likelihood of even a handful of Cardiff South East party members supporting a motion critical of Mr. Callaghan.

If a motion is put before the constituency general management committee when it meets next Friday it is thought more likely to express discontent with Government policies rather than with Mr. Callaghan personally, and even then may not get much support.

*Mr. Callaghan, who is on holi-*day in Cork, issued a statement through Transport House yesterday claiming that a minority within the local party had managed to get their opposition to the Government's policies blown up by running to the Press and television with their views.

Higher fares moves for airline talks

BY MICHAEL DONNE

FURTHER RISES in many world air fares, to take account not only of general inflation but also the possibility of dearer fuel prices, will be sought by many airlines in the forthcoming series of traffic conferences by the International Air Transport Association.

Starting in Geneva on Tuesday, the talks continue until late September. They will be resumed in Nice from October 7 to 17, and then in Cannes from October 20. The Geneva talks will centre on European, Middle *Eastern and African routes;* those in Nice on the North and mid-Atlantic; and Cannes on these and other parts of the world.

April deadline

The airlines' problem is to look far enough ahead to predict cost levels from next April 1, both general inflationary costs and additional fuel surcharges. Most agree that because costs will be higher than now, they should consider now the introduction of dearer fares at that time.

On the North Atlantic route, with fare rises of 4 per cent. from November 1 still awaiting approval from the U.S. Civil Aeronautics Board, some airlines are talking of seeking further 10 to 15 per cent. rises from April 1.

Moreover, no airline is prepared to say that there might not be pressure for emergency rises this winter if there were sudden rises in crude oil prices by OPEC.

Concorde allegations 'nonsense'

By Michael Donne
Aerospace Correspondent

SUGGESTIONS by anti-Concorde lobbyists in the U.S. that the aircraft's makers were seeking a special dispensation from the Federal Aviation Administration to cut down the aircraft's fuel reserve requirements were strongly denied by British Aircraft Corporation and Aérospatiale yesterday.

The anti-Concorde lobbyists, led by Representative Lester Wolff, a New York Democrat, claimed a State Department document said Britain and France had sought such changes, and alleged this meant the aircraft's makers were "willing to risk lives" to get Concorde accepted in the U.S.

A spokesman for the BAC in Washington, however, said the charges were "utter nonsense," adding that no aircraft manufacturer could afford to take risks with safety and stay in business.

He explained that Concorde officials had discussed with the FAA the possibility of developing new fuel reserve rules to take advantage of Concorde's ability to predict from mid-ocean its airport arrival time with a one-minute accuracy, making traditional aircraft "holding patterns" at airports unnecessary.

"The fuel requirements for subsonic aircraft are excessive for Concorde, eiter directly or in the way they are applied," he said.

LABOUR NEWS

● NEWS ANALYSIS—SWAN HUNTER

Challenge to pay policy

BY JOHN WYLES

FRESH MOVES will start to-day to persuade 5,000 Swan Hunter shipbuilding workers to put aside traditional pay rivalries with the company's boilermakers and to end an eight-week strike which has become the first major private sector challenge to the Government's new £6 pay policy.

But as a thinly-attended mass meeting on Saturday has already demonstrated, the strikers are finding the Government's policy a bitter pill to swallow because it rules out any settlement of their demands for £10.30 a week interim rises.

Blind eye

The claim comes after a series of "leapfrogging" pay deals at Swan Hunter's six Tyne shipyards which began in the autumn and culminated in June with an agreement giving £10.30 a week rises by next January to the company's 4,000 boilermakers.

Although the 1,300 workers present at last week's meeting decided by a majority of only 19 to continue the stoppage, national union leaders from two of the main unions involved will again be telling their shop stewards to-day that there is no prospect of the Government turning a blind eye and allowing the strikers to force the company to ride roughshod over the policy.

The message was hammered home effectively by Department of Employment officials when they gave their interpretation of the anti-inflation White Paper to management and national union officials last week.

Until then, the unions had retained some lingering hope that payment of interim rises might still be possible. But DE officials took their stand on the 12-month rule in the White Paper which, they said, meant that the Swan Hunter men could have no further wage rise before their annual payment date next January.

In facing its first private sector test of the pay guidelines, the Government has been lucky to have the General and Municipal Workers as the main union involved in the dispute.

The GMWU has so far remained true to its strong backing for the £6 limit and Mr. Ken Baker, the union's national officer for shipbuilding, has made determined efforts to persuade his 3,000 members to end their strike.

Although there are five other unions involved in the dispute, Mr. Baker's voice has so far been a lonely one. While the Union of Construction Allied Trades and Technicians—representing painters and woodworkers—may for the first time issue a clear recommendation to return to work to its 600 members to-day, other unions have been content either to leave the GMWU to lead the way or, like the Amalgamated Union of Engineering Workers, to repeat their general opposition to the £6 policy.

Obviously, this kind of union dissension does nothing to help GMWU shop stewards to step out of line and urge their members back to work, although they finally grasped the nettle yesterday. The stewards know that after a year of "leapfrogging" pay deals at Swan Hunter's six Tyne shipyards the strikers feel very bitter that their claim should be the one to fall foul of the new pay policy.

To some extent Swan Hunter's problems with this pay policy stem from "re-entry" difficulties which began when the Conservative Government's Stage Three restrictions were lifted by Labour Ministers last summer.

Since then the company's management has scarcely been free of pay negotiations as first one group and then another sought to improve its pay position and its differentials over other grades.

Of paramount concern to the strikers, who are all either outfitting craftsmen or ancillary workers, is the gains made this year by the company's boilermakers. Never reluctant to threaten to use their industrial power, the boilermakers first won a £3.50 a week interim settlement in March to preserve differentials which had been eroded by other agreements and then went on to negotiate an annual deal in June giving £10.30 a week rises by January.

Rejected

Claiming that the boilermakers were now enjoying unacceptably wide differentials of £12 over most other craftsmen and £20 over ancillary grades, shop stewards immediately put in a demand for similar pay rises for these workers although their current agreement was only six months old.

The company's offer of a £2 a week interim rise was immediately rejected by shop stewards, whose allegations that Swan Hunter was "playing favourites" with the boilermakers met with some sympathy at a mass meeting of the outfitting and ancillary workers which decided to begin a strike from July 7.

Relationships have never been easy because of the boilermakers' traditional elitism and desire always to negotiate separately. Boilermakers' officials claim that their prized differentials are a recognition of their new "flexibility" and agreement to soften demarcation lines.

They say they would not oppose some erosion of these pay differences providing the other trades showed a similar willingness to compromise on traditional work demarcation.

Although it was unlikely that the strikers would have won exactly the same rises as the boilermakers, it seems probable that a peace settlement would have been found but for the publication of the Government's White Paper.

In an attempt to rush a settlement through before the August 1 start of the new policy, the outfitting and ancillary workers stewards accepted an improved offer of £5.50 rises by January. But their recommendation was repudiated by a mass meeting and then the Department of Employment ruled out the possibility of any interim deal.

Hopes of a return to work now rest on the strikers showing a change of heart at mass meetings which are expected next week. If they still decide to stay out then the TUC could well come under pressure to endorse publicly the interpretation of the pay policy already given by the Government.

This would clearly underline the importance of the issue at stake. For if the voluntary £6 policy fails at its first serious challenge in private industry then its chances of survival into next year would be greatly jeopardised and the Government might be sorely tempted to invoke the reserve powers which are still under wraps.

Linwood stewards 'ready for talks'

By Chris Baur

SHOP STEWARDS at Chrysler U.K.'s Scottish car plant at Linwood decided yesterday that while the company's proposals on employee participation did not "measure up to our expectations" they were prepared to have discussions in an effort to solve the problems.

The decision brings Linwood broadly into line with the company's Stoke and Ryton plants, Coventry. Both these have now decided to accept the proposals in principle and to negotiate on the details.

The Linwood stewards have adopted much the same stance as their colleagues at Stoke, and are objecting to two aspects of the company's plan, which involves worker-representation on local and national joint committees and two seats on the main Board.

They are unhappy about the proposed replacement of plant-level bargaining with national wage negotiations, and they want more information on the company's reasons for wishing to introduce arbitration in dealing with disputes, rather than the existing procedure agreements.

Mr. John Carty, convener of shop stewards at Linwood, added that another missing element concerned proposals for employees sharing in any profits.

"If we are to participate, we want to know whether we are participating in making Chrysler the wealthiest car company in the country, or in making Chrysler workers the wealthiest car-makers in the country. It's the latter proposition that appeals to us," he commented.

Shop stewards from all Chrysler establishments are due to meet in Linwood to-day to conduct their final joint appraisal of the company's scheme.

It is the last day before the expiry of the company's deadline for accepting the proposals in principle, in return for a lump payment of £50. A further £50 has been offered if final agreement is reached before the end of the year.

Miners back pay limit 3-2: Scotland and S. Wales against

BY OUR LABOUR REPORTER

BRITAIN'S MINERS have voted three to two to back the Government's new £6 anti-inflation pay policy.

The result of the National Union of Mineworkers' pithead ballot, announced yesterday, discloses that on a 77 per cent. turn-out 116,076 (60.5 per cent.) voted in favour of the policy and 75,743 (39.5 per cent.) against.

Although the question on the ballot paper made no reference to the £6 pay limit, miners have been left in no doubt during the balloting period that this was the issue at stake.

The overall vote against the policy is regarded by NUM Left-wingers as virtually the highest they could reasonably have hoped for, but it is significant that only two of the five Communist or Left-wing-led coalfields actually produced a majority against the union national executive's recommendation to back the efforts of the TUC and the Government to end inflation.

Mr. Arthur Scargill, the militant Yorkshire area president, secured only a 49 per cent. vote for his Left-wing line, despite the backing he won from a large majority of representatives from the area's 75 pits, who urged their miners to vote against the national executive.

Left-wing area leaders in Derbyshire and Kent suffered similar defeats.

Voting in the various coalfields was staggered over a four-week period because of holidays and it is worth noting that the two militant coalfields who balloted only last week — Scotland and South Wales — produced majorities against the policy.

The longer time they had for campaigning may have helped, and certainly Mr. Mick McGahey, the NUM's Communist vice-president, who is also president of the Scottish miners, felt yesterday that his efforts had been rewarded by the 62.5 per cent. majority against the policy in Scotland.

Similarly, South Wales militants led by Communist area secretary, Mr. Dai Francis, were happy to win a 53 per cent. majority against the Government.

THE QUESTION miners were asked to vote on was: "Are you in favour of the national executive committee recommendation that this union support the efforts of the TUC General Council and the Labour Government to find a cure for inflation?"

Area	Voting Yes	%	Voting No	%
Yorkshire	22,555	51	21,694	49
South Wales	10,903	47	12,161	53
Nottinghamshire	14,676	64	8,320	36
Scotland	5,395	37.5	8,998	62.5
Durham	8,380	63.5	4,860	36.5
Colliery officials and staff	11,993	91.5	1,132	8.5
Midlands	7,445	69.5	3,261	30.5
Derbyshire	5,181	62	3,191	38
North-Western	4,046	60.25	2,669	39.75
Northumberland	4,700	72	1,827	28
Durham mechanics	3,328	75.5	1,080	24.5
Scottish enginemen	2,210	57	1,620	42.25
Cokemen	3,079	81	689	18.25
Power Group	3,020	83	618	17
Leicestershire	1,758	66.5	880	33.5
South Derbyshire	2,018	76	610	23.25
Kent	1,111	52	1,029	48
Northumberland mechanics	1,587	82.5	335	17.5
North Wales	640	74	225	26
Cumberland	544	66	278	34
Power Group No. 2	669	83	135	17
Durham enginemen	630	86	103	14
Yorkshire enginemen	208	88	28	12

Total spoilt papers was 598 and there were 224 blank.

Pay policy 'must be long-term'

BRITAIN WILL need an incomes policy long after the present one limiting incomes to £6 a week expires, according to Mr. Aubrey Jones, former chairman of the National Board for Prices and Incomes.

"I think it inevitable that a policy in one form or another will continue," he told delegates to the British Association for the Advancement of Science conference at Surrey University, Guildford, yesterday.

Because of the present pay policy, he said, relative incomes will have been diminished. If the policy was then entirely abandoned, there would be a rush to restore the preceding inequalities and from the national standpoint this would be most undesirable.

Any future long-term incomes policy to cure Britain's economic ills, he went on, should lean in favour of the lower income groups, though less rigidly than at present. Such a policy should also take due regard of the content of a man's job and the degree of responsibility exercised.

Mr. Jones said a degree of inequality in incomes in our society was "inevitable and desirable," because it conformed with certain basic requirements of human nature.

Aid plan for school-leavers

By Our Labour Staff

THE LONDON Borough of Hillingdon has agreed with its trade unions to phase out overtime working where possible so as to offer employment to the borough's school-leavers, many of whom face unemployment. It hopes to be able to employ an additional 38 school-leavers while giving existing workers an assurance that there will be no redundancy.

5,000 Scottish pit jobs 'are in danger'

BY OUR SCOTTISH CORRESPONDENT

SENIOR OFFICIALS of the National Coal Board in Scotland told Scottish miners' leaders yesterday that unless there was a marked improvement in the region's levels of production and productivity, as many as 5,000 of the coalfield's 24,000 jobs were in danger of being lost.

Mr. James Cowan, Scottish NCB director, said the region must aim at an output per manshift of 43 cwt. and production of 220,000 to 225,000 tons a week, compared with the present averages of 39 cwt. and 200,000 tons. He said that output and productivity had been falling behind the levels of two years ago.

Mr. Mick McGahey, president of the Scottish miners, said afterwards that although the situation was difficult the Scottish coal industry was not in an atmosphere of crisis. He said the unions had agreed to co-operate fully in reducing the "very severe losses" incurred in Scotland.

IN BRIEF

Shipyard talks

The 700 outfitting tradesmen at the State-owned yards of Sunderland Shipbuilders yesterday ended a two-week overtime ban and work-to-rule after news that the Industry Minister, Lord Beswick, will meet union leaders next Wednesday.

Lay-off warning

The Tyneside engineering company Reyrolle warned its 3,500 manual workers that they would be laid off from Wednesday unless there was settlement of a demarcation dispute involving 70 members of the Boilermakers' Amalgamation and National Union of Sheet Metal Workers.

Pay decision

Delegates representing 30,000 hospital ancillary worker members of the General and Municipal Workers Union decided to press for the full £6 increase allowable under the Government's pay policy when their December annual settlement is renegotiated.

Firemen's demand

Representatives of most 2,500 West of Scotland firemen voted 25—4 to continue their three-month-old work-to-rule. They want the national executive of the Fire Brigades Union to reinstate all nine rebel local officials who were expelled last month when they tried to organise an unofficial strike ballot in the region.

First steps to participation

BY CHRISTIAN TYLER, LABOUR STAFF

AN ANALYSIS of the debate on the ownership and control of industry — particularly through worker participation—published to-day, calls for "clarification of the agenda" before aiming at final solutions.

The study, by Professor Michael Fogarty for Political and Economic Planning, comes shortly after the Government's announcement of an inquiry into industrial democracy and the creation of worker-directors in the private sector.

It examines the problems of accountability to shareholders, workers and the national interest, of participation and its clash with "management prerogatives," and of the strategy to be followed in building a new structure.

The British debate is put into its European context, and the implications of the Conservative, Liberal and Labour views on industrial democracy assessed.

Professor Fogarty turns his analysis on three main themes: the need to "clarify the agenda," to search for negotiable positions, and to prevent dramatic changes of policy leading to a see-saw of enactments and repeals.

Areas where immediate progress is possible says the author, include explanation of financial reports, direct control by employees over their own jobs and careers, and of use of the TUC status quo clause in disputes to allow negotiations or arbitration.

Company Responsibility and Participation, a New Agenda; by Michael Fogarty for PEP; Research Publications Services, Victoria Hall, Fingal St, London, S.E.10; £3 plus 25p post.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

This is claimed to be one of the first permanent, self-supporting buildings constructed from glass reinforced plastics to meet the Class 0 fire-retardant requirements of the Building Regulations. It is constructed from 35 equilateral triangular units with sides of 2.3 metres. Each unit comprises an exterior 6mm glass reinforced plastics laminate, using Synthetic Resins' fire-retardant 1361A polyester lay-up resin with a return flange of 50mm to facilitate assembly with bolts. A 50mm layer of the company's new phenolic resin was foamed and injected between the laminate and a temporary inner mould. By heating the mould during the process, the phenolic foam cures with an integral skin, providing a vandal-proof surface to the interior face. The structure has been used as an extension to Kennington Road Primary School, Fulwood, Lancs.

Increases the uses for porous plastics

MOST POROUS plastic materials have pore sizes above 50 microns, says the Israeli company Ramot Plastics. A subsidiary of Ramot, holding company for applied research and industrial development attached to the University of Tel-Aviv, it claims to have succeeded in producing porous plastic tubes with pore sizes in the range of 1 to 50 microns.

These tubes have been incorporated in gas dispersion systems and in filtration modules. They can be used in the aeration of fish ponds, oxygenation of sewage effluent and other industrial processes requiring good dispersion of gases in liquids and/or formation of very small bubbles (for example, flotation processes, industrial fermentation, etc.), says the company.

Preliminary engineering calculations by the company indicate that the use of porous tubes as gas diffusers may be more efficient technically and economically than conventional methods.

Possibilities for the application of the tubes in filtration, purification, concentration and separation processes are also being investigated. Ramot Plastics has designed and assembled systems for this work, and has demonstrated that modules composed of bundles of the tubes, and using cross-flow filtration techniques, can remove suspended solids from waste water and industrial effluents.

The tubes can also be used for the clarification of colloidal solutions yielding permeate of excellent quality, the company reports.

Because the tubes are produced by extrusion techniques almost limitless lengths, diameters and wall thicknesses are possible. Pore sizes can also be controlled, making possible a wide range of applications.

Further information from Ramot Plastics, Tel-Aviv University Campus, 155 Herzl Street, Tel-Aviv, Israel, or from the Council for Economic Liaison Europe-Israel, P.O. Box 800, The Hague 2076, Holland.

● POLLUTION

Controls exhaust steam

AN EXHAUST head has been developed for fitting to boiler outlet pipes to deaden the noise of escaping flash steam and to catch any moisture or grease.

Fitted with large internal baffles to avoid back pressure, it enables steam to be discharged to atmosphere without damaging roofs and walls, or the clothes of passers-by. It can be used on boiler safety valve discharge pipes, as well as when boiler tubes are being "blown-down" with steam. Pipework connections range from 1 and 18 inches.

The head is made by Curwen and Newbury, Wescroft Works, Alfred Street, Westbury, Wilts. BA13 3DZ, (0373 823646).

This company, which makes heat regenerators, has also developed a synthetic heat transfer material which is non-toxic and contains no asbestos. It can be fitted into an aluminium or steel rotor with chain or belt drive as used in conventional regenerators. Efficiency for total heat enthalpy is said to be 75 per cent. The material is stated to remain bonded without distortion in saturated air conditions, and to be self draining.

The company is also marketing the Z-Duct heat recovery unit, made in the U.S. This plate heat exchanger consists of a folded, compact, light weight unit with no moving parts. It is installed in ducted systems, dividing the duct into two separate but intermeshed passages. The opposing air streams are brought into close proximity and although heat is exchanged there is no possibility of cross contamination, says the company.

The heat transfer surface can be of aluminium or stainless steel. Modules can be made up from 1000cfm units to a maximum of 10,000 cfm.

● ELECTRONICS

Heat sinks for circuit packages

DESIGNED FOR cooling dual-in-line packaged integrated circuits are two heat sinks from the U.S. available from Dage Eurosem, Haywood House, Pinner, Middx. (01-868 0024).

Made from extruded aluminium, the sinks are designated 650 and 651 and have transverse and longitudinal fins respectively, allowing fin orientation for maximum heat dissipation during natural or forced convection. They are mounted to the dual-in-line packages using thermally conductive electrically isolating epoxy adhesive, also available from Dage.

The heat sinks, supplied normally in ½-inch lengths, will allow the requirements that plastic packages be maintained at 50 to 70 degrees C and ceramics at 100 to 125 degrees C to be met more easily and at the same time allow a more flexible choice of circuit.

● NORTH SEA OIL

Lloyd's appraise oil rig

DESIGNS FOR a dynamically positioned column stabilised semi-submersible drilling platform, prepared by Forex Neptune, have been appraised by the Offshore Services Group of Lloyd's Register, with a view to future classification as OU 100A1 "Drilling Platform."

Forex Neptune, (12 Place des Etats Unis, 92120-Montrouge, Paris), submitted plans and criteria to Lloyd's Register for approval in principle of main scantlings and engineering equipment. This means that when the first unit is ordered it will conform to the requirements of Lloyd's Register Classification and with existing U.K. Government offshore regulations. The unit will also be eligible for Certification by Lloyd's Register acting as a Certifying Authority on behalf of the U.K. Government.

Called "Dynacat," the basic design consists of a multi-decked upper hull with integral box girders mounted on the top of three cylindrical buoyancy columns each side, which are structurally continuous through the deck of the two pontoons. Tubular bracing is used. The upper hull supports a 150 feet high drilling derrick and an integral helicopter platform.

In transit trim, the rig will displace 16,700 tons. For temporary mooring there are two conventional winches in the forward port and starboard columns.

Main propulsion will be by four controllable pitch nozzle propellers (4,000 hp each) located aft in pairs on each pontoon, enabling the platform to achieve over 12 knots in calm water. Power for propulsion, the dynamic positioning propellers and ancillary equipment will be from three diesel generators (totalling 30,000 hp).

Dynamic positioning is by four azimuthing propellers in nozzles on top of the pontoons (2,000 hp each) and two bow thruster units of 2,000 hp, one in each pontoon.

For position reference, Dynacat will use two acoustic position indicators on the seabed in conjunction with hydrophones on the platform's keels, a riser angle indicator, and a gyro compass.

Information from these and from wind sensors will be fed to two digital processors to compute the position of the platform and control the propellers and thrusters.

● COMPONENTS

Transduces at high pressure

A LONG stroke displacement transducer able to stand pressures on its case up to 105 bar (1,500 psi.) and which can be used even when completely submerged in fluids has been introduced by Sangamo Weston Controls of North Bersted, Bognor Regis, Sussex (Bognor 25011).

Suitable for a wide range of industrial, processing and research applications, type NFH (HP) transducers are available in two sizes with strokes of ±12.5 mm. and ±25 mm. and have stainless steel cases completely sealed by electron beam welding.

Small tubes with fibre optics

ONE INCH diameter cathode ray tubes with fibre optic faceplates which, it is claimed, virtually eliminate pincushion distortion and deflection defocusing have been put on the market by Ferranti (Special Components), Gem Mill, Chadderton, Oldham, OL9 8NP. (061-624 0515).

The fibre optic faceplate is planoconcave with the internally curved surface having its centre of curvature at the centre of deflection. The faceplate is made with three micron diameter fibres that have a numerical aperture of 1.0 and are individually clad in a black absorption layer to reduce cross-talk.

A precision shield available for use with the tubes is made to very close tolerances and is capable of being used as a mounting collar. Ferranti also has a wide range of phosphors available for use with the tubes.

● INSTRUMENTS

Checks the insulation

HIGH VOLTAGE insulation testing in the dc or ac mode is possible with model RM215-L/2 recently launched by Avo, Archcliffe Road, Dover, Kent (0304 202620).

Testing voltage is continuously variable between 0 and 12 Kv on dc, 0 to 6 kV on ac. Although the source impedance is low the current delivered on test is limited to less than 10 mA. In the ac mode the leakage current measured is the in-phase component although the total value can be registered if required.

For ionisation testing the unit is equipped with a loudspeaker so that the ionisation taking place before breakdown can be heard.

Insulation breakdown in the form of momentary flashover is signalled by means of a warning lamp which comes on for three seconds even though the breakdown may have lasted for only one millisecond.

The peak value required to trigger this signal is adjustable between 100 microamps and one milliamp, and the warning signal is repeated at a socket into which a counter may be connected

Digital capacitance meter

OFFERED BY Flightgrade of 42 Bideford Avenue, Greenford, Middlesex (01-997 4277) is a capacitance meter particularly suitable for use by unskilled operators and with a readable accuracy of 0.5 per cent.

The alpha-numeric display of 0.3 in LED characters shows four significant figures and the symbols nF, uF or mF. Ranging is automatic and the range in use is shown by the decimal point and the symbols. Thus on the lowest range the full scale reading is 9.999nF while the maximum reading is 9.999mF on the highest range. There are seven decades of range, and the maximum ranging time is six seconds. Subsequent readings in the same range however, are obtained in less than one second.

The instrument measures capacitance by measuring charge time to a given voltage (less than 5v) when current is fed through a precision resistor. Since the measurement voltage is polarised, the instrument can be used with electrolytic capacitors. The unit's dimensions are 280 x 250 x 130 and the weight 4.6 kg.

Turbine meter

A VERY small turbine with tungsten carbide/sapphire bearings is the basis of a flow meter able to indicate between 20 litres per minute and one drop every 1½ seconds.

Offered by Litre Meter, Ryefield Crescent, Northwood, Middlesex (02406 2235) the unit measures flow by electronically counting turbine revolutions as precise pulses and recording them on a separate read-out. Three bodies cover the total flow range and the electronics for analogue indication are built in, use being made of integrated circuits and CMOS technology. Output is 0 to 1 mA analogue, and only an appropriate moving coil meter needs to be connected.

The transmitter also provides a pulse output and to this can be connected a rate meter and other batching and totalising units made by the company. A glass-filled nylon body is used and the transmitter can be used with a wide variety of liquids.

Accuracy is ±1 per cent. of full scale flow, as is linearity, for the digital output, rising to 2 to 4 per cent. for the analogue channel.

Makes an accurate blob

PRECISE REPEAT dispensing of almost any liquid or paste is claimed for the model 1000D electronically controlled unit marketed by Specfield of Jennings Buildings, Thames Avenue, Windsor, Berks (Windsor 53132).

The unit, designed to give better control over production techniques has a repeatability of ±1 per cent. and can be set to give microdots, timed strips and other metered quantities at 100 shots per minute. Epoxies, silicones, solder pastes and resists can be handled and for low viscosity liquids such as cyanoacrylates and anaerobics, there is a model with suction control to avoid drips. This model, the 1000 DV, also has a vacuum pick-up stylus for handling small components.

Both models use a pulsed air control system with steplessly controlled pulses from 0.05 to one second in length. Each dispensing cycle is started by depression of a pedal.

The electronic timing circuit requires a mains supply and the unit also needs compressed air at 20 to 125 p.s.i.

Determines carbon and sulphur

A RAPID automatic analyser for carbon and sulphur, the CSA 2001 has been introduced by Leybold-Heraeus, 173, Greenwich High Road, London SE10 8JA (01-858 1127). The unit can carry out tests on iron, steel, non-ferrous metals, ores, casting powders, ferro-alloys and carbides.

Models are available for sulphur alone, carbon alone, or both. The sample is heated by hf energy and burned in oxygen. The combustion products are analysed in an infra-red analyser and the equipment gives a digital display of the result. With an optional extra data can be fed to a printer or to a computer.

Samples to be tested, preferably weighing between 0.5 and 1.0 gms, are weighed with an accuracy of ±1 milligram (taking only about 1½ seconds) and the complete cycle then takes less than one minute. The equipment is contained in 19-inch modules which can be either rack or bench mounted.

FINANCIAL TIMES REPORT

Friday August 29 1975

AUSTRIAN INDUSTRIAL DEVELOPMENT

While Austria has not escaped the world trade recession, inflation and unemployment have both been held at low levels. Imbalances in regional development are being vigorously combated at Federal, Länder and local level.

Stable base for growth

THE THREE DECADES of the Second Republic of Austria provide convincing proof that the "Austrian miracle" was not less significant than the economic re-birth of West Germany; in terms of starting levels even greater: Gross National Product per head in 1973 was 3.6 times higher than in 1937. The rate of growth of the real GNP at 4.4 per cent. last year was twice as high as the average for OECD Europe. More important still, the gap between Austria and the more developed West European countries has been practically eliminated.

Addressing Parliament before the summer recess, Chancellor Kreisky announced that in 1938 the per head GNP in what is now OECD Europe was 63 per cent. higher than in Austria. By 1973 this had been reversed and Austria was ahead by 4 per cent. and last year this figure had grown to a formidable 14 per cent. higher than the OECD average. Though still lagging behind neighbouring Switzerland and West Germany, there is no doubt that on the whole since World War II the performance of the Austrian economy has been impressive.

Partnership

For foreign and domestic investors this growth is even more significant; viewed against the international background of unrest and social tensions, Austria is almost a model of domestic peace. This in turn is primarily due to the unique system of social partnership, the permanent and largely successful search for agreed solutions by the representative organisations of labour, industry and the farmers.

But a country of 7.5m. inhabitants with a 34 per cent. export-import element in the GNP cannot remain isolated from a severe world-wide recession. Since the third quarter of 1974 Austria's longest post-war boom cycle with an annual growth rate of 6 per cent. has come to an end and the latest forecasts indicate that economic activity this year may be ominously close to zero growth. Nevertheless, as the latest OECD annual review points out, Austria has absorbed the external price shocks remarkably well with the rate of inflation (9.5 per cent. in 1974) well below the OECD average. Despite the slackening of demand, the rate of registered unemployment in July this year was a mere 1.3 per cent. and the number of gainfully employed rose by 24,000 to an all-time peak of 2.67m. Faced with general elections next October, Government spokesmen tend to play down the fact that the employment situation has been influenced by such factors as the introduction of a shorter work week as from January 1975: a substantial fall in overtime work; and last but not least the departure of 34,000 foreign workers—a 15 per cent. fall in total.

The spectre of a recession in this growth, and stability conscious country is bound to strengthen pressures for co-operation not only between the social partners but also the political parties. An appeal for closing the ranks in the form of resurrecting the coalition government which ruled Austria until 1966 is in fact the main slogan in the electoral campaign of the opposition People's Party. Regardless of the outcome of the elections, neutral Austria is certain to remain a country of political stability and labour peace with one of the strongest currencies in Europe.

In addition to this general background, a powerful combination of federal, regional and local incentives provides the basis for a new drive to promote industrial expansion and regional development in selected areas. A bulky handbook for foreign investors, just published by the Ministry of Trade, lists a wide variety of investment incentives offered by the Federal Government and the nine Länder, or State Governments. A leaflet on "Investing in Austria," issued last year by the Girozentrale, the central institute of the Austrian savings banks, gives details of 18 different forms of federal loans at preferential rates available to companies investing in new or improved facilities.

The system of incentives and the efforts to attract foreign capital belong to what Secretary of State, Dr. Ernst Eugen Veselsky, of the Federal Chancery, called an "attacking regional development strategy" in his introduction to last year's OECD report on the "Salient Features of Regional Development Policy in Austria." It has been recognised that regional inequalities cannot be smoothed out, let alone eliminated without heavy injections of Federal and Länder funds. Apart from the special problem of mountain regions affecting 142,000 farms or every third agricultural unit, the areas bordering on Czechoslovakia and Hungary (parts of Upper and Lower Austria and the Burgenland) and old industrial areas in decline (for example Upper Styria) are a prime source of concern and the object of special incentives to attract industrial investment.

According to Government statistics, annual expenditures by different institutions at the Federal level, excluding export credits, spent on promoting regional industrial development totalled over Sch.10bn. (about £270m.). The European Recovery Programme (ERP), with an annual budget to the tune of Sch.2.4bn. in 1973/74 of which Sch.750m. was earmarked for industry, Sch.150m. for tourism and Sch.200m. for agriculture, is the main instrument to provide help through the medium of subsidised credit at the national level. Three categories of loans (over Sch. 500,000, between Sch.100,000 to Sch.500,000 and between Sch.10,000 to Sch.100,000) are available at a rate of 5 per cent. per annum for five years for investment in machinery and for ten years in building. For projects which provide alternative employment for coal miners or generate new jobs in Eastern border regions, special 15-year loans are available at an interest rate of only one per cent. per annum for the first five years and at 5 per cent. for the remaining years, including five years free of redemption. In the financial year 1973/74, Sch. 200m. was allotted for this special programme. As up to 75 per cent. of the initial capital costs can be provided from the ERP fund, such a special credit can make a great difference to a new industrial venture.

Capital

Companies can also apply to a number of other special institutions for preferential loans. Thus up to 12- and in some cases 20-year credits at 7.25 per cent. are available from the Kommunalkredit for purchasing and developing industrial property in assisted areas. There is no upper limit to the size of the credit and the developer or investor can obtain up to 67 per cent. of its initial capital requirements from this institution. Founded in 1958, the Kommunalkredit whose shares are held by banks, insurance companies and the nine mortgage banks of the Länder has so far provided Sch.1.25bn. of loans.

A number of other specialised institutions finance and promote industrial investment by small and medium-sized firms as well as the development of tourism. The Guarantee Fund of the Credit Programme for Small Industries (Bürges-Kredit-Fonds) of the Ministry of Trade for example not only underwrites credits of up to Sch. 200,000 but also provides interest relief grants of three per cent. for five years. Under the Business Structure Improvement Act of 1969, 5 per cent. of the annual intake from the Federal tax on industry and trade is available for interest relief grant of up to 3 per cent. (in special cases up to 5 per cent.) for five years. Furthermore, loans up to Sch.2.5m. at a preferential rate of 8 per cent. per annum for five years may be provided. Loans under the Bürgeskreditfund totalled Sch. 5.7bn. between 1955-1973 while credits under the Business Structure Improvement Act of 1969 reached Sch.1.65bn. by the end of 1973.

The point of the matter is, however, that an investor in Austria is also eligible for substantial grants and other forms of assistance from the regional and municipal authorities if investments are undertaken in what is called a "problem area." Though there are no exact figures available, there is reason to believe that the OECD Working Party was right in concluding last year that "as compared with other member countries, the financial inducements offered to the individual industrialist in Austria are among the highest available" . . . The Länder, particularly the States with large border areas or regions where a traditional key industry is in decline offer competitive promotional measures as shown in later articles of this Survey.

The local authorities at the municipal level have until recently been competing with one another in providing quality sites practically free of charge in addition to cash grants and the provision of water, electricity and other services. With the federal and most provincial State budgets heavily in deficit, piecemeal development efforts, often subordinated to local electoral considerations are likely to be scrutinised more closely.

As far as foreign investors are concerned, Austria's pragmatic and moderate Socialist Government has not changed the "open-door policy" towards foreign capital. The fact that the nationalised industries account for one-fifth of the net industrial output, dominating the basic industries and large segments of the heavy and electrical engineering sector provides an appropriate counter-weight to what some Leftist economists regard as an unduly large foreign stake in the domestic industry, primarily in the electrical and chemical industries as well as in the insurance and transport sectors.

The end to the overheating of the economy also led to a relaxation of the credit squeeze, and a partial return to the liberalisation of capital transactions, suspended at the end of 1972. Since June 20 this year, the Nationalbank again automatically grants permits for the import of capital, including the purchase of property and direct investment in industry and trade, except construction. In view of the manifold incentives and facilities offered to industrial developers, any marked revival of international economic activity is also bound to give a push to demand for industrial investment.

THIS REPORT WAS WRITTEN BY
PAUL LENDVAI, VIENNA CORRESPONDENT

Regional inequalities

A COMBINATION of geographical, historical and political factors has produced relatively large problem regions. *Austria is one of the "great powers"* in European tourism, and few, if any, of the millions of holidaymakers realise that, for example, 1.1m. people or 15 per cent. of the population live in areas bordering on Czechoslovakia, Hungary and Yugoslavia with lower living standards and less developed infrastructure than in the rest of the country.

World War II and the cold *war period, accentuated by the* Soviet occupation of the eastern regions until 1955 not only retarded economic growth but also cut off manufacturing and commercial centres as well as agricultural producers from their traditional markets and trading partners in the Communist East. Neither the gradual normalisation of relations with the Communist neighbours nor the general relaxation of tensions in *Central Europe could change* the basic fact that these frontiers with Czechoslovakia *and Hungary basically re*mained "dead borders."

Shift

Areas such as Mühlviertel, a part of Upper Austria which is north of the Danube, the Waldviertel and Weinviertel in the northern part of Lower Austria, the whole of Burgenland and parts of Eastern Styria and south-east Carinthia have been badly hit by the general westward shift in economic activities and population changes. Thus the share of eastern Austria (the three Länder: Vienna, Lower Austria and Burgenland) in the total GNP fell from 65.9 per cent. in 1952 to 64.5 per cent. in 1961 and 62.3 *per cent. in 1970.* While between 1910 and 1971 total population rose from 6.6m. to 7.4m., the three Eastern Länder lost more than half a million people or 14 per cent. of their former peak population.

Industry is mainly concentrated in central areas comprising (in 1961) only 14 per cent. of the territory but 75 per cent. *of employment in the produc*tion of material goods and 57 per cent. of the population. By contrast, due to their marginal location the eastern regions encountered difficulties in attracting modern productive facilities. The lack of alternative employment opportunities was reflected in the fact that between 1955 and 1965 only one in every 10 persons leaving agriculture found employment in the newly established industries *in agricultural* areas.

The areas bordering on Western Germany and Switzerland face a completely different set of problems. The pull of higher wage rates has exerted powerful influences on the labour market, contributing to *the labour shortage and increas*ing the number of migrant workers and commuters. This in turn however has encouraged both rationalisation and the em*ployment of foreign labour in* the western regions of Salzburg Tyrol and Vorarlberg.

The scenic beauties in a country with six-tenths of the territory in the Alpine massif and 40 per cent. at an altitude above 1,000 metres attract an increasing number of tourists but at the same time pose major problems for farming and forestry. According to figures for 1970, 37 per cent. of the 362,000 agricultural and forestry enterprises are classified as mountain farms. Though *tourism has become the main* source of income in many areas, the abandonment of mountain farms (during the last two decades 15 per cent. of farms disappeared in the Upper Alpine areas) poses a long term threat to the environment, the ecological balance and in the final analysis also to tourism. Since 1970/71 special subsidies are provided for mountain farms and there has been some progress towards better co*ordination of Federal, Länder* and local assistance available to mountain farmers.

Special difficulties are faced by the regions where a key industry such as coal mining is in decline and job opportunities through diversification are urgently needed. *Iron* and metal, paper and pulp industries have also been affected by structural difficulties. Upper Styria is the old industrial area most seriously hit by a combination of geographical, natural and economic disadvantages. But it is in this region that the first model of a truly co-operative effort has been undertaken by the Federal Government, the Land of Styria and the local authorities to generate *new jobs and to launch* a sound industrialisation policy.

Not surprisingly regional imbalances have always been reflected in the unemployment figures. Though Austria is a country with a minimal level of unemployment, compared to *other West European countries*, there are great regional differences. Thus in 1972 for example, *the annual nation-wide* average was 1.9 per cent., but Burgenland reported 5 per cent. and *Lower Austria 2.3* per cent. In the same year when the peak national average was 3.2 per cent., that of Burgenland was 14.6 per cent., of Styria 4 per cent. and of Carinthia 8 per cent. Chancellor Kreisky's Government since 1970 has *rapidly* increased the budgetary funds available for active labour market policy measures from *Sch.168m. in 1970 to Sch.750m.* last year and the 1975 Budget envisages employment promotion expenditures to the tune of Sch.880m.

As noted by *the OECD work*ing party's 1974 report, Austrian regional development policy is faced with the basic problem of how to find the right balance between *economic efficiency* and growth of regional equity, between mobility and stability in population distribution and between development and environmental protection. There is no doubt that the need for a co-ordinated regional policy was *really* recognised *only in the* 1970s. The 1950s were the years of all-out overall economic growth while the next decade was already the period of growing *emphasis* on the regional aspects. However, despite the establishment of a *Committee of Ministers* on Regional Planning in 1965, headed by the Federal Chancellor, the breakthrough occurred only in February 1971 when the Federal Chancellor, Dr. Bruno Kreisky, took the initiative in establishing the Austrian Conference on Regional Planning *(Österreichische Raumordnungskonferenz)* for drawing up a co-ordinated concept for regional development policy. In the same year, the Bureau of *Regional Planning* was established in the Federal Chancery with the task of preparing documentation for the Committee of Ministers and the Con*ference on* Regional Planning. Finally, in July 1973 the Federal Government decided to co-ordinate the various assistance programmes aimed at promoting structural, regional development and environmental policies.

Conflicts

In a federal State of nine Länder the progress towards a sound structure of regional development will always be influenced by conflicts between Länder and regional lobbies which *in turn are generally coloured* by political differences too. Thus at the moment, the chiefs of three *provincial Länder* governments (Vienna, Carinthia and Burgenland) are Socialists while the governors of six other Länder belong to the People's Party which is now the main opposition party in the Federal Parliament. Thus the Socialist governors are unlikely to attack the policies of their comrades in the Federal Government in *power since 1970 and the same* consideration guided the actions of the People's Party leaders in the provinces in the past when the conservatives led the Federal Cabinet.

Vienna's changing face

A VISITOR to Vienna these days may well encounter a maze of blocked streets and vast building sites in the heart of *the Austrian capital before* being able to reach and to admire the beauties of the Hofburg complex or the magnificent Belvedere Palais. The city has embarked on a number of vast projects which involve the construction of the so-called UN city, which will provide office space by 1978 for some 4,500 international civil servants and conference facilities for two UN organisations. Tunnels and stations are being built *for the new Vienna under*ground which is due to open in 1977, an ambitious flood protection project is being undertaken on the Danube and the largest hospital complex in Austria is under construction.

The Mayor of Vienna, Mr. Leopold Gratz, proudly claimed in a recent statement that the major projects now in progress could be compared in *size* only to the stormy developments of the last third of the 19th *century. The opposition spokes*men in the city council, however, maintain that the projects are partly over-ambitious and partly badly managed, thus placing an unbearable strain both on the city's finances and the patience of its 1.6m. inhabitants.

But no one to-day can accuse the city authorities of being idle *or passive in the face of* new challenges. It should not be forgotten that present-day Vienna *is the result of the col*lapse of the Austro-Hungarian Empire which transformed the 2m. cosmopolitan capital of a great empire with 52m. people into a city on the eastern fringe of a curiously shaped land-locked country, still accounting for over one-fifth of the Austrian population.

Obstacle

Vienna's population fell by well over ½m. between 1910 and 1971. As the capital is the core of *the eastern region*, including Lower Austria and Burgenland, the entire area was adversely *affected. Nevertheless, Vienna* still accounts for half of the population in eastern Austria which in turn makes it an insurmountable obstacle to the emergence of larger sub-regional urban centres. A further factor affecting both Vienna and the eastern region is the steady reduction in the working population coupled with a *rising* proportion of *old* people. Thus the proportion of the people over 60 years old is 25 per cent. in Vienna and 19 per cent. in Lower Austria and Burgenland. By contrast, the corresponding figure for the western and southern regions is only 15 per cent.

It must also be added that while the other Länder are on the whole identical with social-economic regions, the eastern *region consists of three separate* Länder. This means that ever since the division of the area in 1922 into the two Länder of Vienna and Lower Austria (ironically the seat of the latter's provincial government is also in Vienna) the capital has lost its natural hinterland. The areas best suited for industrial development and recreation are outside the city boundaries. Despite the nominal existence of a joint planning association of Vienna-Lower Austria since 1967, narrow-minded political and regional considerations have still prevented effective co-*operation in policies for regional* planning, the economy and labour.

Though in the 1960s Vienna's relative position compared to the average Austrian economic growth steadily deteriorated, the capital is still not only the country's administrative, banking and commercial centre but also a major manufacturing *city. Thus Vienna accounted for* 28 per cent. of the Austrian GNP in 1972 and Vienna-based companies turn *out almost 30* per cent. of the food and beverages, over half of the electrical goods, 26 per cent. of the clothing and between 23 and 24 per cent. of the chemicals and machinery manufactured in Austria.

During the past 20 years Vienna has begun to fulfil its traditional function as an inter*national meeting place and as a* contact point with Eastern Europe. About 300 foreign firms, including 100 U.S. companies, have set up subsidiaries in Vienna, mainly looking after their East European operations from Vienna. According to figures released by the National*bank, 72 per cent.* of the foreign companies active in Austria have their headquarters in Vienna *with* Vienna-based plants accounting for 53 per cent. of those employed by foreign-owned firms.

Demand

One of the most important instruments to generate and to satisfy demand for good quality *industrial investment is WIBAG* (Wiener Betriebsansiedlungsgesellschaft), the municipal industrial siting corporation. Between March 1969 and December 1974 it helped to set up or to resettle 107 manufacturing and trade companies, involving investments made or planned to the tune of Sch.3.4 bn. (about £89m.) by the firms *and creating 10,560 new jobs.* One in four of these companies was a foreign concern. It is estimated that nine multi-national companies, including Unilever, Hoechst, Philips, ITT and Sandvik, alone accounted for 44 per cent. of the investments and 27 per cent. of the *new employment.*

The latest industrial estate at Stadlau was converted from an old factory into a manufacturing, distributing and warehousing complex and opened by the city councillor for finance and economy, Mr. Hans Mayr, in April this year. At an investment cost of Sch.71m., the industrial estate has provided 275 new jobs. Including ten further companies attracted to the development areas this *year, WIBAG has helped to* develop 1.3m. square metres of industrial property. It was announced recently that a further 460,000 square metres of quality sites are available.

The massive drive to rejuvenate the capital's stock of industrial property despite great urban problems is not without its critics among those *concerned* with protecting the environment. The municipality, however, sees under the present *conditions no other solution* than the deliberate and concerted promotion of industrial investments. The Investors' Handbook on Vienna contains five pages detailing a wide variety of *interest-free* or preferential investment credits. Under the special credit scheme for *developers*, the *city* of Vienna grants, for example, 25 year credits starting at Sch.2.5m., covering the entire capital cost for building and investment, except the machinery, coupled with an interest relief grant of 2.5 per cent. for four years. Up to 80 per cent. of the capital requirements can be obtained in this way. City Councillor Mayr hinted recently that the system of interest relief grants might be replaced by investment premiums.

Vienna's importance as a Danubian centre will be enhanced by the Rhine-Main-Danube waterway, scheduled to be completed by 1981. The existence of a link between Western and south east Europe from the North Sea to the Black Sea will make Vienna more than ever a *focal point of East*-West trade.

Aid for Burgenland

AUSTRIA'S youngest, poorest and in many ways most romantic region is the easternmost province of Burgenland, a small area of a mere 4,000 square *kilometres forming* a curiously shaped link between the Alps and the Pannonian low-lands, *this erstwhile and mainly* German - speaking frontier region of Hungary became part *of Austria only in 1921 after* the collapse of the Austro-Hungarian Empire and in accordance with the Treaty of St. Germain. Its main urban centres—Sopron and Szombathely—remained in Hungary and the city of Eisenstadt became the provincial capital only in 1926.

Since time immemorial Burgenland has suffered from a high rate of emigration. The structural deficiencies of this primarily agricultural fringe area have been accentuated by the handicap of an excessively *long border which interrupts* the natural west-east communication axes. Furthermore, the extremely narrow configuration of the region with a length from north to south of about 150 km but an average width of only about 30 km (at its narrowest a mere 4.5 km) has rendered the provision of communication and transport facilities difficult and costly.

With a population of just over 270,000, Burgenland accounts for 3.6 per cent. of the total population. The problems involved in industrialisation and urbanisation can only be understood if it is borne in mind that in 1934 55 per cent. of the active population was engaged in agriculture and that even to-day the proportion of the gainfully employed persons in *farming remains at 26.6 per* cent.—twice as high as the national average.

The creation of new jobs was recently described by Mr. Robert Graf, President of the Department of Economy, as the most critical problem and he *added that it will take at least* one generation to solve it. Postwar developments seem to confirm this pessimistic forecast. Average per capita income in Burgenland is still the lowest in Austria. In 1971 for example, the per capita GNP in the province was 43 per cent. below the national average. At the same time, unemployment and seasonal unemployment *rates were the highest. In 1972* the average rate (5 per cent.) of unemployment in Burgenland was two and a *half* times higher than the figure for Austria as whole and in the peak period the ratio was 14.6 per cent., or more than four times than the national average.

Meanwhile commuting has to some extent grown to replace the rural exodus and emigration. Attracted mainly by higher wages in the booming *building industry in and around* Vienna, one in four gainfully employed persons in 1971 was commuting to his working place outside Burgenland. Taking into account those who commute to places within the province, commuters already account for *half of* the 52,000 wage and salary earners.

The Provincial Government, the Departments of Labour, Economy and Agriculture, and the trade unions lost no time after the end in 1955 of the *ten-year* Soviet occupation to launch a co-ordinated drive for industrial expansion and regional development. Between 1958 and 1965 the Association *for the Promotion of the* Economy of Burgenland attracted about 150 new factories to the province, thus generating about 9,000 new jobs. Between 1961 and 1965, for example, industrial employment was growing at an annual rate of 10 per cent. But 76 per cent. of the jobs were provided for women, mainly in the textile and food industries, and only 6 per cent. were classified as *jobs for skilled male labour. This in turn strengthened the* unfavourable employment structure of the small local industry. In Burgenland 60 per cent. of workers in industry are women, while in Austrian industry as a whole the proportion is only 34 per cent.

Exhaustion of the reserves of female labour and the growth of commuting combined to convince the regional authorities that a new approach was needed to transform the economic climate by attracting newer and faster growing types of industry. *In view of the* successful efforts made by other and more favourably located *regions, it was realised that new* incentives were needed to win modern productive facilities.

The previous Association was replaced in July, 1973, by a new industrial siting corporation, called *Burgenlaendische Industrie-und Betriebsansiedlungs-Gesellschaft* which with stronger financial resources is better equipped to draw up a sensible regional development policy, promote industrial development, develop quality sites and find prospective users. However, the best management is powerless without appropriate regional and local incentives. The Provincial Diet in July, 1973, brought in an Economic Promotion Act providing for a system of guarantees and interest subsidies to be extended to industrial investors *and communes.*

Grant

In addition to existing federal and regional assistance, the region may now give an interest *relief grant for* 4 per cent. *for* up to ten years for loans of up to Sch.10m. provided the investor can put up at least one-third of the total capital cost. Subsidies may also be provided for the modernisation and rationalisation of existing plants, and not *only for new projects to create employment.* For the development of industrial sites, local authorities may be given a cash grant of up to Sch.500,000. The Provincial Government is also empowered to grant the communes interest-free loans of up to Sch.1m. for periods up to ten years to enable them to develop industrial sites and to establish productive facilities.

It is claimed that the Burgenland Development Corporation between mid-1973 and the end of 1974 attracted 11 companies to the province, generating 700 new jobs. The end of the Austrian economic boom and the stagnation in capital spending, coupled with inflationary pressures, have of course dampened *the enthusiasm of developers.* It is more than ever true that the least attractive fringe regions *have to sell the hardest to win* new industry and commerce. The Provincial Government, headed by Mr. Theodor Kery, has grasped the long-term importance of investment in infrastructure, roadbuilding and last, but not least, in schools. So far Burgenland has *managed* to combine the modest scale of industrialisation with an exemplary protection of the environment and natural amenities.

This eastern border region still reflects somehow the memories of the former multinational Austrian Empire with its compact Croat and Hungarian-speaking communities in certain areas. At the recent opening of a cultural centre, Mr. Kery related that the papers of a soldier in the town of Guessing around 1910 contained the following note: "Speaks three languages, Hungarian, Croatian and German. Cannot read or write." While in 1921 there was only one secondary school in the province, the grand-children of the illiterate and multilingual soldier can now choose between two dozen secondary and vocational schools.

New funds for Lower Austria

EVERY FIFTH Austrian lives in Lower Austria, yet this is the only Land—the largest of the nine Länder—which has no provincial capital. Together with Vienna and Burgenland, it constitutes the so-called eastern region. While Vienna is both a Land and an urban centre and at the same time the Federal capital, Lower Austria must be seen as a kind of hinterland where none of the much smaller cities (the largest has merely 50,800 inhabitants) is suitable as a provincial capital. Thus the seat of the State Government is in Vienna. To these natural differences, stemming from the different administrative structure, must be added the traditional and always latent political conflict between "red" Vienna where the Socialists captured 60 per cent. of the votes at the last municipal poll and the "black" Lower Austria, where the conservative People's Party enjoys a comfortable absolute majority.

In view of this, the setting up of a joint, centrally and locally financed development corporation earlier this summer must be regarded as a major step forward. Called Niederösterreich - Grenzlandförderungsgesellschaft, it will concentrate on economic promotion and industrialisation of the border regions along the 414 km. long frontier with Czechoslovakia. The Federal Government and the Land Lower Austria each put up Sch.10m. of the basic capital needed. The corporation will combine industrial and development planning with the provision of sites and the development of industrial estates.

Though 70 per cent. of the damage caused to the Austrian industry by the Second World War was in Lower Austria and despite the administration of 250 factories by the Soviet occupation authorities between 1945-55, the area has made impressive strides in industrialisation and modernisation. Thus the share of agriculture and forestry in the region's total production dropped from 18.5 per cent. in 1964 to an estimated 10 per cent. last year. During the same period industrial output was doubled, accounting already for 35 per cent. of the region's production, and for 22.5 per cent. of Austria's aggregate industrial production.

Pull

Three factors appear to have played a major role in promoting industrialisation, the general economic boom, large investments made by the major nationalised oil and chemicals companies and the pull exerted by the expansion of industry around Vienna. Yet at the same time the existence of many small- and medium-sized plants, combined with a far from optimal structure of industry (oil, chemicals and textiles together with food and beverages are the dominating branches) makes Lower Austria especially vulnerable in a period of slower growth or recession.

There is a growing danger of sharpening regional disproportions within the province, since last year, according to Chamber of Commerce figures, very few companies established new production facilities in the areas which are primarily in need of new industries. The largest industrial estate, Industriezentrum NÖ-Süd, for example, with 42 factories and 3,000 jobs is located only 7 km. south of Vienna.

A combination of federal, regional and local incentives and subsidies is necessary to compensate companies for the disadvantages involved in being near to the "dead border" with Czechoslovakia. The first success was achieved in April this year when the Lower Austrian Industrial Siting Corporation announced the opening of a cable plant in Poysdorf as part of a projected industrial estate. An Austrian producer, Gebauer and Griller set up a production subsidiary with an initial staff of 50 which is to be increased later to 300.

It was the first time that a plant in the border region was established through the combined efforts of the commune which provided the site of 10 acres. The Land granted an employment premium in the form of a capital grant of Sch.20,000 per job and created as well as an interest-relief subsidy. The Lower Austrian Development Corporation took care of the provision of water, electricity and other services and last but not least the Federal authorities provided a favourable loan under the ERP special programme.

Loans

The Federal authorities allocated for the years 1973-74 and 1974-75 a credit of Sch.100m. each year from the ERP funds which can only be utilised for projects generating employment in the border areas. The term of such loans is for a maximum of 15 years, of which the first five years are free of redemption. The rate of interest is fixed at 1 per cent. for the first five years and 5 per cent. for the rest of the period. Further assistance is given in the form of six training and retraining centres, special credits for the promotion of tourism, education and for road building.

Nevertheless, spokesmen of the Land complain that the Federal assistance is far from sufficient. They press for a larger slice of regional aid efforts, and for a faster construction of motorways and good roads. As far as regional incentives are concerned, these include a variety of programmes providing subsidised or cheap capital reinforced by a loan guarantee, employment premium and interest relief grant system. Thus investors or developers in underdeveloped areas are eligible for interest relief grants of 5 per cent. for six years in case of loans of up to Sch.1m. In the border regions, capital grants ranging from Sch.10,000 to Sch.20,000 are available for each job created and provided uninterrupted employment during one year is proved. The premium is also granted for new jobs if foreign labour is employed.

Neverthless it is feared that that slow population growth and the high number of elderly people in Lower Austria will gradually lead to labour shortage which in turn will sharpen the competition for available labour, hitting primarily the border regions. Furthermore, certain companies, particularly in the textile industry, attracted by benefits into moving into areas which on commercial grounds alone would have never been seriously considered, were the first to feel the pinch of the international recession spreading also to Austria. Foreign subsidiaries, originally established to exploit Austria's EFTA membership for gaining easy access to the EFTA markets, are hit both by the new situation in European Integration and by the financial squeeze affecting their parent companies at home.

Thus there is still a long way to go before Lower Austria with a per head GNP in 1971 14 per cent. below the national average, can catch up with the more developed Länder. The pace will not only depend on the size of investment allowances and tax advantages granted to domestic and foreign entrepreneurs but also on the willingness to co-operate with neighbouring Vienna and Burgenland in forging a sensible development concept for the entire eastern region.

Model for planning

WHENEVER AUSTRIAN officials discuss the need for sound regional planning, involving the promotion of good quality industrial investments, the so-called Aichfeld-Murboden project is mentioned as a model for successful co-operation of Federal Länder and local authorities in regional development policy. The project originally arose from the chronic and increasing deficit run by the nationalised Fohnsdorf brown coal mine (to-day part of the Voest-Alpine steel conglomerate). Styria, the second largest Land accounting for almost 20 per cent. of the total Austrian territory and 16 per cent. of the population has long been a pacemaker in launching partnership schemes in which regional and local authorities joined forces with industrial developers, including some well-known foreign companies.

The Aichfeld-Murboden programme involved not just a depressed older industrial area in need of newer and faster growing types of industry, but also an important enterprise of the largest nationalised company, the Voest-Alpine Montag AG. In fact, one-third of the industrial labour force in Styria works for the nationalised sector. The Fohnsdorf lignite mine with an annual deficit rising to Sch.80m. in 1972 and production staff falling between 1960-1972 from over 2,000 to 1,334, has for years constituted a crucial problem for the regional and Federal Governments.

The problems affecting Fohnsdorf could not be solved by the parent company or the regional authorities alone, since they were intimately connected with the difficulties of an area consisting of 17 communities with some 63,000 inhabitants. The local authorities set up the Aichfeld-Murboden Regional Planning and Economic Promotion Association which together with the Styrian Government commissioned the Austrian Institute of Regional and Urban Planning to draft a regional plan. The entire Aichfeld-Murboden regions suffered from an excessive concentration in mining, ironworks, paper plants, that is industries in the throes of structural difficulties, coupled with a steady decline in employment, the absence of modern industries and unfavourable transport, housing and environmental conditions.

Efforts

On the initiative of Chancellor Kreisky, the Committee of Ministers for Regional Planning and the Styrian and the local authorities, the Aichfeld-Murboden Association in April, 1971 began a co-operative venture in comprehensive regional planning and a set of proposals was finally adopted in March, 1972. The measures included special efforts at all levels to assist existing industries and new industrial investment. One visible result was the recent opening of a production subsidiary of the German Bauknecht Electric Corporation at Spielberg. This already provides 650 jobs and it plans eventually to employ 1,500. Siemens, the giant German electrical engineering concern, also opened a training centre in the area. A special housing programme should provide 750 homes with 70 per cent. of the funds allotted by the Federal Government. A number of vocational and business schools will be opened at Zeltweg, Fohnsdorf and Judenberg. Road and rail connections are being improved. In all, 1,800 new jobs will be generated, with special emphasis on creating jobs for women since the female employment ratio here is far below national levels.

It remains to be seen how far the Aichfeld-Murboden model can be applied to other regions since, as noted by the OECD working party in its report on Austrian regional planning, "The project was directed towards a relatively small area (120 square kilometres) with a specific set of problems." These were reflected for example, in the predominance of seven large plants which account for 80 per cent. of the 8,800 industrial employees. While the former Oesterreichisch Alpine Montan (now Voest-Alpine) provides 55 per cent. of the industrial jobs in the region, Styrian industry as a whole is characterised by small and medium-sized companies. Only 28 plants have a production staff of over 500, while two-thirds of all companies have less than 50 employees and one-third operates with fewer than ten. The head of the Länder Government, Dr. Friedrich Niederl, and the most dynamic member of the Government, Dr. Josef Krainer, told me that the Styrian Government since 1967 has spent in all Sch.1.6bn. to generate 12,700 new jobs and to save another 1,983. The lion's share, with Sch.1.3bn., went to 313 industrial companies.

Risks

The two officials made no secret of the fact that the petering out of the Austrian boom and the growing difficulties in exports brought home the risks involved in some development ventures. So far two major plants, a producer of bicycles and of furs, have had to suspend operations, involving a period of unemployment for over 1,000 men. Much has been written in the local Press about the reasons for the two bankruptcies and the visitor has the feeling that regional promotion henceforth will be concentrated on assisting medium-sized firms rather than on attracting subsidiaries of multinational corporations through cheap credit, subsidies and provision of quality sites, water, electricity, waste disposal etc.

A wide variety of selective incentives, including interest-relief grants, loan guarantees and credits at favourable rates of interest is available to any producer involved in the rationalisation of what is described as "economically viable small or medium-sized enterprises turning out high-quality finished manufactures." Young entrepreneurs—people under 40 who have become self-employed—can receive credits of up to Sch.200,000 for ten years at an interest rate of 3 per cent. with the first two years free of redemption. Under this new system, launched in 1973, 174 cases have so far been approved involving loans totalling Sch. 21m.

According to 1971 figures about national income distribution, the per capita GNP in Styria was 19.7 per cent. below the national average. The share of the province in the domestic product at factor cost dropped from 15.1 per cent. in 1952 to 13 per cent. by 1970. The marginal location of the iron and steel industry, the difficulties of the coal and iron ore mines coupled with unfavourable transport costs have led to a below average industrial growth rate. During the past few years, subsidies specifically designed to help labour-intensive industries and to attract domestic and foreign industrial investments have yielded tangible results.

With each of the Länder fighting to obtain the largest possible slice of Federal assistance for regional development and with the Federal Budget heavily in deficit, Styria itself will have to put up a substantial financial contribution, since three major problems — industrial structure, the special problems of the border regions and infrastructure — have to be attacked together.

DAVID FISHLOCK AT THE BRITISH ASSOCIATION

'Engineering materials must be fully exploited'

GUILDFORD, August 28.

GIVEN ADEQUATE *planning*, there need be no serious shortage of any significant engineering material until well into the 21st century, a Birmingham professor assured the British *Association meeting here to-day.*

It meant, however, that available materials must be exploited to their optimum extent, Professor W. O. Alexander, head of the Department of Metallurgy at the University of Aston, said in his presidential address to Section X on the economics of energy and materials.

Concrete and timber were the two most important materials in the world to-day, "because from whichever aspect one looks at material usage, either in tonnage or in volume, the greatest of all is concrete and the second is timber."

From a preliminary evaluation of materials in which trends in consumption and price were related to technological requirements, Professor Alexander concluded that if strength was to be taken as the criterion, concrete was the cheapest material per unit of tensile strength, and *would probably remain so.*

In cost per meganewton of tensile strength, concrete worked out only half that of *steel and cast iron.* But *timber*, once a strong contender, had priced itself out of the market—*oak, for example*, was *now 30* times as expensive as concrete.

Three polymers, PVC, poly*propylene and high-density* polythene, had roughly similar costs per unit of strength, about *four times that of concrete*, followed closely by aluminium at five times.

Exception

But this approach made it plain why magnesium and titanium alloys—respectively, 15 times and 21 times the cost of concrete—were not more widely used.

Professor Alexander acknowledged that engineers would always have some other property to consider in selecting a material for a given application, but believed that such factors were usually secondary and of less significance to costs.

An exception was copper, where electrical conductivity *was responsible for more than 50 per cent. of the demand.* But considered as electric cable, copper worked out at more than *double the price of aluminium* per unit of volume, and three times the price of sodium.

Copper, Professor Alexander forecast, would become "almost a precious metal," and its elec*trical applications* would give way increasingly to aluminium, possibly to sodium, and perhaps *even to iron.*

The best long-term bet in materials, he concluded, was *composite materials*, in the form of concrete or a ceramic-type material based on silica or alumina, combined with a cheap new bonding agent which would permit its strength to be reinforced cheaply and reproducibly by means of steel rods or glass or carbon fibres.

Plastics were handicapped in their prospects for growth by their high energy content per unit of property.

This might be overcome by reinforcing the plastic, and there was also the "latent possi*bility" of discovering a rela*tively cheap plastic having good and permanent mechanical properties up to 150 deg. C.

Where U.S. scores

LORD Rothschild's reorganisation of the science administration in Britain, begun in 1972, had failed to create a healthier symbiosis between research workers in different sectors of the science system, **Professor Ronald Mason**, of the School of Molecular Sciences, Sussex University, said.

There was less coherence in British than in U.S. science, he believed, despite the fact that science in the U.S. had become the "*plaything of opportunist* politicians."

The major contributions to science came not from government or industrial laboratories but from the universities, Profes*sor Mason told a discussion on* "Why Do Research?"

Unless the health of the uni*versities was maintained, a very* considerable decrease in background science would result.

'There will always be failures in civil engineering'

ACCIDENTS and occasional failures would always occur in civil engineering, and some of the failures would be most tragic for the people involved and for the people responsible, **Dr. Oleg Kerensky**, consultant to the con*sulting engineers, Freeman Fox* and Partners, declared in his presidential address to the en*gineering section.*

The occasional human error was unavoidable, "no matter *what care is taken over the* design and method of construction."

Lack of experience with very large thin plate elements had contributed to disasters involving box girder bridges between 1969 and 1971. They, he said, had been caused "by human errors of one sort or another."

The worst of the failings, in which 36 people had died, was the collapse of the unfinished Yarra Bridge in Melbourne, "because of some unexplained human folly of removing bolts from a major transverse splice under full load in order to flatten a buckle caused previously by some unscheduled loading."

Had the same operation been carried out when bolting up of *the girders had been fully com*pleted, there would have been no collapse.

Downing St. rejects union plan for State textile-buying agency

BY RHYS DAVID

PLANS PUT *forward* by textile trade union leaders for a Textile Purchasing Agency which *could help mills threatened with* closure by buying stock have received a blunt rejection from the Prime Minister's office.

Mr. Fred Hague and Mr. Joe King, joint general secretaries of the Amalgamated Textile Workers' Union, wrote to Mr. Wilson last month reviving an idea put forward by Mr. Wilson himself in 1957 for a Government agency with the right to import cotton yarn and cloth and *restrict goods coming into* the country at unfair prices.

Mr. Albert Murray, the member of the Prime Minister's political staff who replied to the letter, claims however that the industry itself said a stock building scheme would be of no benefit as an increase in stocks could merely serve to weaken the market further.

In a further reply to Mr. Wilson this week, Mr. Hague and Mr King claim the suggestion they have made represents more than stockbuilding. They add: "We cannot accept that advice from industry is overwhelmingly against and in any case we would *have expected this Government* to have consulted the trade unions concerned."

Mr. Murray makes it clear in his letter that the Government *is not prepared to go any further* than the measures already announced to help textile industry *during the present recession and* repeats the Government's concern that any restrictions on *yarn and fabric imports could* lead to retaliation.

He says the Government would consider giving Industry Act assistance for the modernisation of mills, but that in the case of closures mentioned by Mr. Hague and Mr. King no applications had been received from the companies concerned.

Mr. Murray's suggestion that the industry is undergoing inevitable change, with the *elimination of weak units*, is challenged in the reply to Mr. Wilson. Mr. King and Mr. *Hague claim that, in spite of* extensive capital investment, workers in some of the most modern spinning mills in the world are due to go on further short-time working when the September holiday period in the Lancashire cotton and allied textile sector is over.

Elsewhere in the textile indus*try it appears that some of the* 300 jobs under threat from the *proposed closure of the Corah* knitwear factory at Aberbargoed, South Wales, could be saved. *Yesterday Mr. John Fry, the* managing director, confirmed that the company is having negotiations with other manufacturers with a view to them taking over the Aberbargoed factory for the manufacture of clothing.

Tudor Accessories, the car component and garden tools *company*, are to make 75 *workers* redundant because of a "dramatic fall" in orders. The workforce—mainly women—at its factory in Hengoed, Mid-Glamorgan, will be cut to 250.

Twenty office workers at the Administration Department of Philips Electrical at Sywell, Northamptonshire, are to be made redundant to-day when their work is transferred to the firm's offices in London.

At Burton Latimer, in the same county, metal beer barrel manufacturers Alumase are to make nearly 20 clerical workers redundant because of a slump in orders.

In Darlington Council's direct labour department, however, about 80 new jobs will be created following Government approval *of a £1m. house improvement* scheme.

Building upturn cuts brick stocks again

Financial Times Reporter

BRICK STOCKS fell again last month as building activity continued to improve in some sectors.

Figures released by the Department of the Environment show that by the end of last month stocks stood at 683m. against 759m. in June. In July last year manufacturers held stocks totalling 651m.

Production in July rose to 431m. bricks compared with 418m. the previous month, but output remained considerably below the level achieved a year earlier. According to the department, production on a seasonally-adjusted basis was 10 per cent. higher than in June but 11 per cent. lower than in July, 1974.

Brick deliveries last month rose from 492m. in June to 508m.—up 79m. on July, 1974. The seasonally-adjusted provisional figures estimate that deliveries were 10 per cent. up on the preceding month and 17 per cent. higher than 12 months before.

Cement deliveries to U.K. customers in July averaged 333,000 tonnes a week, 4 per cent. drop from the June average *of 355,000 tonnes weekly, on* a seasonally-adjusted basis, and 10 per cent. down on July, 1974. Production fell from an average weekly total of 351,000 tonnes in July to 334,000 tonnes, while stocks dropped from a June figure of 350,000 tonnes to 343,000 tonnes.

Clinker production in July averaged 331,000 tonnes a week compared with 337,000 tonnes in June and 373,000 tonnes a year *before.* Stocks of clinker at the end of July stood at an estimated 1.03m. tonnes compared with only 583,000 tonnes in July, 1974.

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Post Office to try out electric van

By Peter Foster

NEW ELECTRIC - POWERED Lucas vans are to be given extended in-service trials by a number of major fleet-users, including the Post Office.

Use of electric vehicles has spread this year, with buses introduced in Manchester by Lucas and Chloride. The Electricity Council has the first batch of 61 Enfield electric cars for trials over two years.

The one-tonne payload electric vans are based on the Bedford CF and are fitted with Lucas-*developed* traction motors, sophisticated control gear and lightweight lead-acid batteries. They have 0-30 mph acceleration in about 10 seconds and 50 mph top speed.

The major problem with lead-acid batteries—which remain the only viable form of motive power—is that they offer a limited range and take relatively long to recharge, so electric vehicles are best used where distance and timing are known in advance.

The Post Office will give ten *of the vans extensive trials for* three years. They will be used to collect and deliver mail and *by telephone engineers.*

The conversions have no gearbox or clutch, and are controlled by two buttons on the fascia, one for forward and one for reverse.

Mr. C. Reeves leaves £2.7m.

MR. C. H. R. REEVES, a former partner in Herbert Reeves and Co., solicitors and former chairman of Reunion Properties, who died in July last year, left £3,620,914 gross, £2,712,763 net (duty £2,051,506).

Reunion Properties was bought two years ago by Jardine Matheson in a deal worth £52m.

NORTH SEA OIL REVIEW — BY ADRIAN HAMILTON

Pan Ocean's intriguing discovery

THE Transworld group is now reported to be testing encouraging flows of oil from its second well on the 21/1 discovery. At the same time, Pan Ocean is believed to have made an interesting new shallow oil discovery on its 16/7 block, *north-east of Peterhead.*

The Transworld well is a particularly crucial one. Although the results of the discovery well drilled last year were clearly encouraging from the point of view of the depth of pay zone and size of struc*ture, the well was never fully* tested and evaluated and there was concern about the tightness of the producing sands.

Testing of the second well has still to be completed and a full evaluation will obviously have to await the results. But *reports in the industry suggest* that the results so far are encouraging. A substantial oil column appears to have been established and, while the group is saying nothing about the tests, industry reports also indicate that the flows are surprisingly good, implying a high degree of fracturing.

Commercial

Because of the complexity of the area—even the age of the sands has not been finally established although they are believed to be both Jurassic and Triassic compressed on each other—further drilling will be required before the level of commercial reserves can be finally established. But current estimates range from a few hundred million barrels to 500m.-600m. or more, suggesting that the find looks to be commercial.

A third well is planned on the field within the next few weeks when the group—which is releasing the Pacesetter back to Siebens to drill a further well on its 2/10 discovery north-east of the Shetlands—takes over the Pentagone 82, now completing a second well on Conoco's part of the Statfjord Field.

Pan Ocean's latest discovery, meanwhile, is an intriguing one. The well, which is just being *completed*, was drilled on what originally appeared to be a shallow gas prospect. But, *according to reports, the well* has in fact tested some interesting quantities of oil from the *Palaeocene* sands at less than 8,000 feet. It was drilled on a separate prospect from the group's previous promising oil discovery five miles to the east, the Brae, which was in deep Jurassic sands, and west of where *Shell/Esso several years* ago made an uncommercial oil discovery on block 16/8, also in the deeper horizons.

In itself the discovery may *not be that earth-shattering.* The structure is not large in aerial extent. But its proximity to the Brae discovery, which was estimated at several hundred million barrels of recoverable reserves although containing problems of the quality of sands at this depth and location, clearly bodes well for accumulating additional reserves in the area.

At the same time, it may have interesting geological implications. *The latest well was drilled* on a basement ridge that runs down this part of the Basin, as opposed to the *Brae Field* which is off the ridge. Several other shallow tests in this part are also thought to have produced oil rather than gas and this could affect some of the geological thinking about the area.

Moved

Elsewhere, the results of recent wells in the U.K. North Sea appear to have been rather more disappointing. Hamilton Brothers has now completed a dry hole on its third well on block 9/28, south of Beryl. The *well was drilled on a separate* structure to the south-west of its recent Crawford discovery *on the block. The results must* be regarded as depressing in some ways, although the group *is still hopeful that they will* not downgrade the Crawford Field or other prospects in the block.

North-east of the Shetlands, Shell has quietly plugged and abandoned its interesting although highly speculative well to the far north on block 210/4. The company, which gained the block on its own, is proving extremely reticent about the results, partly because *the well was drilled so close to* open acreage north of the 62nd Parallel.

Abandoned

Other wells recently plugged and abandoned include Trans*ocean's first well on block 21/7* to the south-east of Transworld's discovery. The well is reported to have encountered some oil but testing showed it to be un*commercial and somewhat dis*appointing.

The Monsanto/Deminex group has now abandoned its first well west of the Shetlands on block 204/30—the latest in a long series of nearly a dozen continuous disappointments in this area. Although other groups still have well commitments west of the Shetlands, the omens do not appear good for any strong pace of activity or oil success. One thought may now *be that the oil—traces of which* have been encountered—has migrated to the north-west, *where the water depths cur*rently preclude any development. Monsanto/Deminex has *now moved the rig to drill a* third well on its 15/24 block in the North Sea.

The Ranger group has recently plugged and abandoned its first exploration well on block 3/30 just to the north of Frigg in what must again be *considered somewhat disappoint*ing circumstances since the well was reported as completely dry.

The rig, the Sedneth 701, has gone back to Texaco, which is using it to drill the fifth *appraisal well on its complex* and confusing 15/16 discovery. The company, in addition, is drilling a further appraisal well on its equally provocative 14/20 discovery and has now started a delineation well on its recent promising oil/gas discovery on block 3/4 to the south of Brent.

Finally, a new book on the North Sea has been published which goes a long way to providing the kind of basic background reference on exploration, development and cost and *finance which hitherto has been* lacking. The book, *Our Islands Oil*, written by Mr. Martin Lovegrove, one of the brightest of the young analysts specialising *in the field, is published* by Witherby and Company. It aims to serve as an introduction and *a ready reference on the de*velopment, explaining the terms used, the technology being employed and, most *impor*tant of all, the financing and cost calculations that can be made.

Well-researched

It is the latter which are probably the most useful. Partly because of the difficulty in getting hold of information and partly because of the dangers of putting figures on things like finance and cost, far too little has been tried along these lines. Although one might have wished to see more on the structure of the industry and on the tax aspects, this publication tackles the financial points bravely and gives every appearance of being well-researched. There have *been other publications setting* out the background to exploration but for anyone wanting a *basic feel for the parameters* surrounding production, profit and investment this new book is much to be recommended.

U.K. RIG ACTIVITY

Group	Rig	Location	Group	Rig	Location
Amoco/GC	Sedco 135F	211/27-4a	Monsanto/Deminex	Borgny Dolphin	15/21-3
Amoco/GC	Dyvi Alpha	22/16-1	Occidental	Ocean Victory	14/19-10
Ball and Collins	Sedco 700	3/23-1	Pan Ocean	Odin Drill	16/7-2
BP	Sea Quest	16/28-3	Phillips	Ocean Rover	20/4-1
BP/Ranger	Sedco 703	3/8-4	Shell/Esso	Chris Chenery	211/13-3
BP	Sedco K	211/12-2	Shell/Esso	Sedco 135G	211/26-4
Burmah	Blue Water III	211/18-9	Shell/Esso	Staflo	14/29-1
Chevron/Burmah	Ocean Kokuei	3/3-6	Sun Oil	Penrod 71	22/8
Conoco/NCB/Gulf	Pentagone 82	211/19-2	Texaco	Sedneth 701	15/16-5
Conoco/NCB/Gulf	Venture 1	15/30	Texaco	Drillmaster	3/4-7
Hamilton Bros.	Waage 2	9/8-3	Texaco	Zephyr I	14/20-3
Hamilton Bros.	Waage 1	15/14-10	Total	Zapata Ugland	3/9-1
Mobil	Sedco 704	38/3-1	Transworld	Western Pacesetter	21/1-2
Mobil	Transworld 61	9/13-8	Union	West Venture	2/5-7

The Executive's World

VENTURE CAPITAL

The possible charms of resin

BY ROY LEVINE

FAILURES outnumber successes in venture capital projects by more than two to one. So those supplying the money need to reap huge rewards on their good investments, in order to stay viable.

Despite the economic recession, the market for venture capital is still active, though slower and at a lower risk level. This week, one of the more successful venture capital firms, Small Business Capital Fund (SBCF) announced that its biggest investment, Vetro Resin Engineering, was on the verge of breaking into an exciting growth phase after more than two years of careful nurturing.

Vetro Resin, which, against normal pattern, SBCF founded, as well as financed, is in many ways an ideal venture capital situation. Its products—storage tanks and pipes—are based on an advanced technology that has been proven in Italy for nearly 20 years but has not yet made an impact in the U.K. Yet the scope for growth in a rather fragmented market, worth about £20m. a year is potentially great, based on the greater flexibility and lower cost of resin as against steel, aluminium and other materials used for storage tanks. SBCF has predicted a market of over £100m. a year in the near future.

The filament winding process which is at the heart of Vetro Resin's manufacture of storage tanks made of glass reinforced resin. Here, glass impregnated with resin is being wound around a rotating mould that forms the tank.

Risks

Although Vetro Resin is SBCF's biggest investment, it has kept its own exposure relatively low by bringing in Italian and private British partners as well as using government loans. Finally, it has taken full advantage of Government assistance by siting the factory in a Special Development Area.

Given the careful research and the way that SBCF tackled the situation, the only risks it took were in finding the right kind of managers for the project and in hoping that no-one else would pre-empt it in establishing the only purpose-built plant for glass reinforced resin products in the U.K.

The man behind SBCF's efforts is one of its directors, Ian McKenzie, a chemical engineer who has been both consultant and entrepreneur. Through his work he had become aware of the need for cheap and reliable materials to make storage tanks for anything from oil to beer or wine.

Knowing the market he set about chasing a product. He advertised for the relevant technology and investigated a reply from Vetroresina SPA, an Italian company based at Udine and the biggest European manufacturer of glass reinforced resin.

Coincidentally, Vetroresina was looking for a U.K. partner to manufacture for the northern European market—an area it found difficult to reach because of the expense of exporting light but large and empty tanks.

The appeal to Ian McKenzie was the filament winding method perfected by the Italian company. This allows a resin tank to be built in virtually a monocoque structure, instead of in three parts.

A joint venture was agreed, with SBCF arranging the bulk of the finance, hiring management and getting the company off the ground, and Vetroresina supplying the technical know-how and taking a minority stake.

Market research was done to confirm the potential demand for the product in the U.K. and determine the product mix and scale of the first production plant. Although Ian McKenzie does not fully explain why the product has not been as widely used in the U.K. as in Europe, he believes that manufacturing processes used did not allow sufficient quality control to satisfy the higher standards.

SBCF put up £310,000 of equity and subordinated loans for 50 per cent. of the equity which was syndicated among its shareholders, the Co-operative Insurance Society, and Norwich Union. SBCF directors were also allowed to take small stakes, a practice which encourages the board to participate in the risks and rewards and so identify more intimately with the ventures they finance.

Rent-free

The other shareholders were Vetroresina (26 per cent.), U.K. managers of Vetro Resin and two personal friends of the Italian company, a South American industrialist and an Italian film producer. Regional grants, Department of Industry loans and bank loans totalling a further £½m. were negotiated. The factory—covering 86,000 square feet on a 16-acre site on the North Western Industrial Estate at Peterlee—was leased from the Peterlee Development Corporation with no rent payable in the first two years and thereafter at 35p a square foot for the first seven years.

The majority stake which SBCF has taken is against its usual practice. Normally, in its search for capital appreciation, SBCF takes a minority equity share for 3-8 years, and expects its clients to make pre-tax profits of around £200,000 within five years. Loan capital is usually subordinated with a coupon of base rate plus 2 per cent. with interest rolled over and dividends discouraged for the early years.

Over its seven-year life, SBCF has built up a small portfolio of 18 investments into which it has injected over £4m. These include start-up situations like Vetro Resin, rescue and growth situations, in a wide range of industries from packaging to pottery, rust-proofing to engineering.

The most crucial part of the Vetro Resin venture for Ian McKenzie was to recruit a managing director. He wanted a man experienced in selling to industry, with wide contacts in the market and in being a managing director. Leslie Couthard, the executive search firm, was hired and presented numerous candidates. After several interviews the man chosen was Gerald Griffin, who insisted on visiting the Italian plant to satisfy himself that the product could be built in the U.K. and was worth doing, before signing his contract.

After qualifying as an engineer from Salford Royal Technical College, he joined Metropolitan Vickers (now part of GEC). Seventeen years later he moved to Richardson and Westgarth before joining the C. W. Walker group from where he was recruited for SBCF. In making the conversion from engineering to sales, he recalls the comment of a friend, who said of him, "Gerald, you're a good engineer who went commercial."

Over the past two years, Gerald Griffin and his chairman, Ian McKenzie, have been supervising the construction of the factory, recruiting and training staff (together with the Italians), perfecting the production process and setting up a national sales and servicing network. There are branches in Manchester and Maidenhead and a total staff of just under 50.

After being held up by production difficulties for four months, the factory started production last month with orders of nearly £90,000 and an order book of £200,000, including orders from Beechams, Courtaulds, Unilever and Allied Breweries.

Profits

Gerald Griffin is hoping for profits this year. But perhaps more realistically, Ian McKenzie is happy to wait for 1977 for profits. Irrespective of their conflicting short-term views they are both confident that profits will be large within five years. "Sales of glass reinforced resin on the Continent are around £200m. a year and have been growing at around 30 per cent. a year," notes Gerald Griffin, adding: "The U.K. is still largely a virgin market, but we anticipate rapid acceptance of our products, because of their inherent superiority and price advantage compared with available alternatives."

At full capacity the factory will be able to produce up to 2,000 vessels a year, generating turnover of perhaps £7m. And net margins are near the 10 per cent. level.

If the venture is as successful as its owners hope, it will form a new export business and also encourage hopeful entrepreneurs to believe that, despite the U.K.'s economic difficulties, there is still scope to make millions.

Conflict in calculators

By DAVID BELL

THE DWINDLING band of pocket calculator makers, who have been cutting prices in a fiercely competitive market, are still recovering from the jolt they received recently when Tesco put on sale a machine for only £5.95.

To the surprise even of Tesco, the company sold its entire stock of 20,000 seven digit, four function calculators in less than a week mainly to housewives buying them to help their children with arithmetic or to add up their shopping bills.

But if Tesco were well pleased with the response most other manufacturers took a very different view. Prices have fallen so far and so fast that margins have been pared to the bone. Advertising and distribution costs have risen as competition has intensified and a number of makers have withdrawn from the market, both in Britain and America.

So manufacturers and retailers were, as one of them put it, "absolutely furious that the whole market was again being undermined by cut price machines." There was criticism of Tesco's American supplier CBM and some small retailers were even rumoured to be buying Tesco's £5.95 machines to resell at £6.95 in their own shops.

Pioneer

Yet in the United States, where competition is even fiercer, $10 calculators are already appearing in shops and there has even been a suggestion that a $3 machine is being developed. Bowmar, the U.S. pioneer and second largest producer, quit the calculator business in America in June and filed for reorganisation under U.S. bankruptcy laws (its U.K. subsidiary was not affected and still supplies components made in Canada to European calculator makers). Other smaller companies have suffered the same fate and Gillette, which tested the market with a range made by Sinclair of Britain, decided to keep out of it after sampling the competition.

The companies that have survived so far are mostly American but their balance sheets do not make cheerful reading. Texas Instruments for instance has reported a $16m. second quarter loss on calculators while Rockwell International has faced the familiar problem of an enormous rise in sales—with twice as many units sold as last year—but a fall in second quarter earnings of 27 per cent. partly because of calculator losses.

In 1973 Rockwell bought Sumlock Anita, the British company which made the first electronic calculator and its British subsidiary has not been immune from the problems affecting other calculator makers, particularly those competing at the bottom end of the market.

Sumlock, which imports some of the components for its machines, but assembles many of them at its factory in Portsmouth, recently dismissed about 20 per cent. of its 1,000 employees but, like Rockwell, firmly intends to go on marketing calculators as well as the complete range of small business machine that it also sells.

What Sumlock is not prepared to do it to "dive any further into the bottom end of the market." Although like other makers it is planning to introduce a £9.95 range, in time for Christmas sales, Sumlock is convinced that sooner or later the market will settle down and most people will opt for reliable but more expensive machines which can readily be repaired.

Rockwell, like most of the American calculator makers, is an integrated company making almost all the parts for its machines itself. Sinclair Radionics, the British company which has made much of the running in sales in this country and led prices downwards for some time, acts rather as an assembler of calculators distributing components to be assembled by sub-contractors and picking up the finished product from them.

The theory of this is that inventory costs can thus be kept down and the company can react with extreme flexibility to any sudden change in technology without being locked into an existing cumbersome production line.

But Sinclair has found the competition exceptionally fierce in the past six months, has cut its staff by about 60 to around 200 and has had to cope with a sudden and expensive build up of stock which has now been bought very firmly under control. Like Rockwell, Sinclair is diversifying upwards into more expensive and more sophisticated machines such as programmable calculators and, also like Rockwell, is sceptical that prices of truly reliable hand held calculators can be cut very much further.

Retailers

For the retailers—who include Dixons, Ryman, Boots, Derek Gardner and others—the constant fall in prices has also been a very mixed blessing. Dixons, the largest which sells some 500,000 calculators a year in its 152 shops, is selling its own Prinztronic range and keeps a very close eye on competitors' prices. The company is worried that if it goes too far down market it will begin to encounter "customer bad-will" with faulty machines. Ryman, which sells about 52,000 machines a year, shares this fear.

The next few months are the peak time for calculator sales and most retail chains estimate that the market will be up about 10 per cent. in Britain with total sales of about 2m., compared with a world wide market of between 24 and 30m.

So, manufacturers and retailers alike agree that the downward price spiral may be near its end. All, that is, except Tesco which, despite criticism from other retailers, is seriously considering putting another batch of low price machines on the market. This is likely to prove yet another headache in a market which has proved far more cut throat than any one ever conceived even two years ago.

Changing a part of 'Tubes'

BY KENNETH GOODING

IT IS ONLY about 20 months ago that Mr. George Ashton took over as managing director of one of Britain's biggest machine tool businesses—the "machine division" of Tube Investments. He moved in at the time the division itself was re-shaped and the reorganisation seems to be paying off. The recently-published half-year figures showed the division's profits (before tax and loan interest) sharply up from £286,000 to £938,000 in the period to June 30.

Mr. George Ashton, managing director of the machine division of Tube Investments.

Change

The management structure of the division will have to change again in September when Mr. Walter Lees, chief executive of the machine tool companies in the division, moves out to become managing director of Alfred Herbert following the injection of public funds into that concern.

So the time is certainly ripe for a closer look at TI's machine division which takes in as its major companies Charles Churchill, which makes turning gear and processing machines, and Matrix Machine Tools, manufacturers of high precision grinding machines.

In the last full year the division's sales of £35.5m. produced profits (before loan interest) of £1.56m. The division was created from the machine tool and gauge manufacturing and factoring companies from the old TI Machine Tool and Engineering Divisions. The main difference, as far as the machine tool operations were concerned, was that the transport equipment companies were merged into TI's Engineering Division.

What was left was a grouping of companies with a common factor—all of them in the Machine Division require comprehensive mechanical engineering design competence, coupled with skills of the highest order on the shop floor.

Mr. Ashton maintains that the reshaping has "worked out very well. The companies in the division have so much in common that we can have a really sensible discussion between one managing director and another. The transport servicing companies did not have much in common with machine tools and the differences were becoming wider all the time. But the companies now in the Machine Division have the same kind of approach to the market place, use similar skills, have a similar approach to pricing—and have a use for our own machine tool products."

Ashton admits that the main restructuring of the division had been done in the years 1970-73 and that decentralisation was completed at that time. So the first thing he had to do was "convince the people in the division that I was with their companies in their troubles as well as their triumphs—that I wanted to identify with them all the way."

There was also far less interference. The ball was put more firmly with the individual company managing directors. They were encouraged then to do more with their own senior people, put more emphasis on the team." There is an open invitation for the company managing directors to talk to Ashton about their problems "but I hope that at the end of the day that each managing director will make the decision, make up his mind what *he* will do."

This is all part of the open system of management Ashton has introduced. He says: "I expect managing directors to come back to me and talk to me about the way I'm running the division. I consult with members of my divisional management committee on all the major problems that we have. I believe that in arriving at important decisions one should consult people, and it is this ethos we are trying to transmit through the divisions and their companies."

It is therefore not surprising to find that Mr. Ashton has taken the opportunity presented by the departure of Mr. Lees to widen the responsibilities of the managing directors of the machine tool concerns. In the past they reported to Mr. Lees as chief executive of the machine tool companies. Now Mr. Ashton is dispensing with the role and the machine tool managing directors will report to him direct.

Freedom

"This is entirely compatible with my policy of giving maximum freedom to the company chief executives and, of course, it also presents me with the opportunity of closer personal involvement in the machine tool industry," he says.

Mr. Ashton subscribes to the view that "the vital thing in British industry to-day is communication" and declares "I want people to be able to talk to their managers as the managers can talk to me." But employees must be given the full picture about their own particular company and how it is fitting into both the division and Tube Investments Group itself before they can make any meaningful comment or contribution, he points out.

Within TI, the machine division is the fifth-largest division in terms of sales. Last year it was behind steel tubes, which had sales of £117m.; cycles, £77m.; domestic appliances, £64m.; and engineering, £45.5m. in turnover terms. However, its return on the assets employed was the lowest-but-one. Only the domestic appliance division, with a 4.1 per cent. return on assets, made a lower return than the machine division's 8 per cent.

Mr. Ashton has emphasised this point to the division's employees. "Our return on capital employed is very modest—considerably less than one would get if one put one's money into the Post Office, for example, in 1974." Whether the division can do better this year depends on the success of its *overseas* selling operations and "if we can maintain our competitiveness."

He says that during the years between 1962 and 1974 when he was at Steel Tube Division's head office he saw clearly "how a functional job can either help or suppress company operations." He sees his new job as one where he has to contribute rather than just monitor—"a simple monitoring operation, I think, is wasteful and is self-defeating. In this division we have successfully combined functional responsibility with line responsibility. Most members of the divisional management committee do have direct line responsibility. Situations arise in the companies which show that they are very much at the sharp end—and one should always recognise this."

Mr. Ashton is concentrating on the message that "profit will attract investment and investment means a better-equipped organisation." This theme has so far not met with much response "but people will become more interested."

Mr. Ashton has been attempting to explain just what is meant by "cash flow" so that "they realise that at a time of inflation the money we have wrapped up in stock and work-in-progress is particularly important." And "we are also telling them what are the important elements in our costs."

Overall, the theme is that the employees are working for a company with a good future—an important point when one considers the image of the machine tool industry in general and the trouble it has in recruiting because of this distorted image. Says Ashton: "Self respect is the greatest thing you can give employees and that is what we aim to achieve."

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FRIDAY, AUGUST 29, 1975

Constraint on output

YESTERDAY'S bunch of indicators, relating as they do to industrial expenditure on fixed capital and stockbuilding and to the progress of the national housebuilding programme, are expectedly gloomy. In terms of volume—which is more difficult than usual to estimate when prices are changing rapidly—the capital expenditure of manufacturing industry fell by another 7 per cent. in the second quarter to bring the total for the first half of the year to a level some 9 per cent. below that of the second half of 1974. The fall in expenditure on new plant and building work was slightly smaller than this but the fall in expenditure on vehicles very much larger—about 25 per cent. The capital expenditure of the distributive and service industries, which has been dropping steadily since the end of 1973, was down by 10 per cent. between the two half years (with the sharpest drop, again, in the case of vehicles), while that of the shipping industry, which tends to fluctuate a good deal, was down by no less than 25 per cent.

Manufacturers' stocks are estimated to have dropped in the second quarter for the first time (excluding the three-day week) in 2½ years. The drop in stocks of raw materials and fuel in the second quarter followed, but was considerably smaller than a drop in the first quarter; the drop in stocks of finished goods and work in progress followed a rapid rise during the preceding four quarters. Yet the fall in production during the same period was so sharp that the stock/output ratio actually rose further.

Building recession

After this picture of almost unrelieved gloom, the housebuilding output figures for July look relatively cheerful — though "relatively" is the word to stress. New starts and completions in both the private and public sectors during the past three months have been well up on the same months of 1974, though the increase in new starts has been very much more marked in the private sector. Given that starts in the private sector last year were only half the number of 1973, which was itself below 1972, however, this is not a particularly significant achievement.

Despite the steady supply of mortgage funds and the recovery in demand for the smaller type of house, the market is still to some extent overshadowed by the unsold stock of more expensive houses for which demand is still stagnant, and private builders feel the uncertainties of the economic situation even more acutely than most small firms.

In the public sector, although recent completions have been well up on last year, the increase in new starts has been relatively small and the future prospect is not exciting. There has also been a sharp drop in the number of improvement grants made recently compared with the same period of 1974. When this halting recovery in housebuilding is combined with the sharp drop in industrial and commercial work, one sees the force of the estimates recently put out by the Little Neddies for the Building and Civil Engineering industries, that there will be a drop of 5 per cent. in output this year and little change in 1976. Unemployment in the building industry—though many of those concerned are probably unskilled — now accounts for almost one-fifth of the national total.

Advance incentive

It is unlikely that there will be a major recovery in private housebuilding until the economic outlook is better, and the public programme will clearly be affected by the financial constraints now imposed on the activity of local authorities. It is the drop in the investment programme of manufacturing industry, however, which is by far the most serious feature of the situation. Even last year's brief revival carried manufacturing investment no higher than it had been in 1970, and the immediate prospect is a drop of around 15 per cent. this year followed by a further drop in 1976. There is a real danger that, when export and home demand begin to revive, industry may run up against capacity shortages fairly quickly. There is a case, therefore, for providing some special and worthwhile incentive to industry to invest in good time: although the action already taken by the Government should tend to help profits and profitability eventually, the immediate outlook is not encouraging.

Germany is doing its best

IT IS HARD not to sympathise with the West Germans in their present economic difficulties. The Federal Government announced on Wednesday what, looking back, can be seen as no more than another stage in a process of attempted reflation that has been going on for almost a year. The authorities have tried almost everything—tax cuts to stimulate consumption, investment incentives, reduced interest rates and increased government spending—but still the problems of rising unemployment and falling production remain.

Interest rates

The latest measures provide for the injection of another DM5.75bn. (£1.06bn.) into the economy, mainly in the form of ensuring work for—and employment in—the construction sector. It is significant, and a sign of the Government's dilemma, that the figure is somewhat higher than the DM5bn. being forecast by senior ministers only a day or two ago. Even so, the Government itself has admitted that the effects are likely to be modest. They should prevent unemployment rising as high as it might have done without them and they should limit the number of bankruptcies in the construction industries. But they are unlikely, in themselves, to lead to a rise in investment and, still less, to the sort of general economic recovery which would produce an increase in German imports.

The Germans cannot reasonably be blamed for this. Because of their heavy dependence on exports it is they, among the developed countries, have been particularly hard hit by the world recession. They have done what they can to stimulate their own economy, but the recovery awaits an upturn in the demand for German goods abroad.

On the positive side, they still have advantages which could well be envied elsewhere. The inflation rate is relatively modest and by now also relatively stable at a little over 6 per cent. a year. The trade surplus is down on 1974, but still enormous compared to that of most European countries. And, despite the one million or so unemployed, there are no unmanageable problems with the trade unions.

Nevertheless, the problems are beginning to accumulate. The Federal Government alone is now likely to have a deficit of DM38bn. this year. Financing this will not be easy on an already troubled capital market and in a country where the discount rate has been cut to 4 per cent. The co-ordination of interest rates, especially with the U.S., is likely to become, as it has been before, a key German aim in forthcoming international discussions.

There is also an investment problem, which in Germany is relatively new. Industry is unwilling to invest at a time when there is so much spare capacity, yet it may find that when production goes up the cost of borrowing will rise with it. Not least there is the political dimension. The Federal Government faces general elections in little more than a year. It could go into them with unemployment at well over one million and even obliged to impose a tax increase to plug a deficit that next year should be even worse than this. All this is quite apart from cuts in the social services which the government is already considering. In these circumstances, it would be naive to suggest that the authorities are unaware of the seriousness of the situation. The sad fact is that they are doing their best, but it has yet to have an impact.

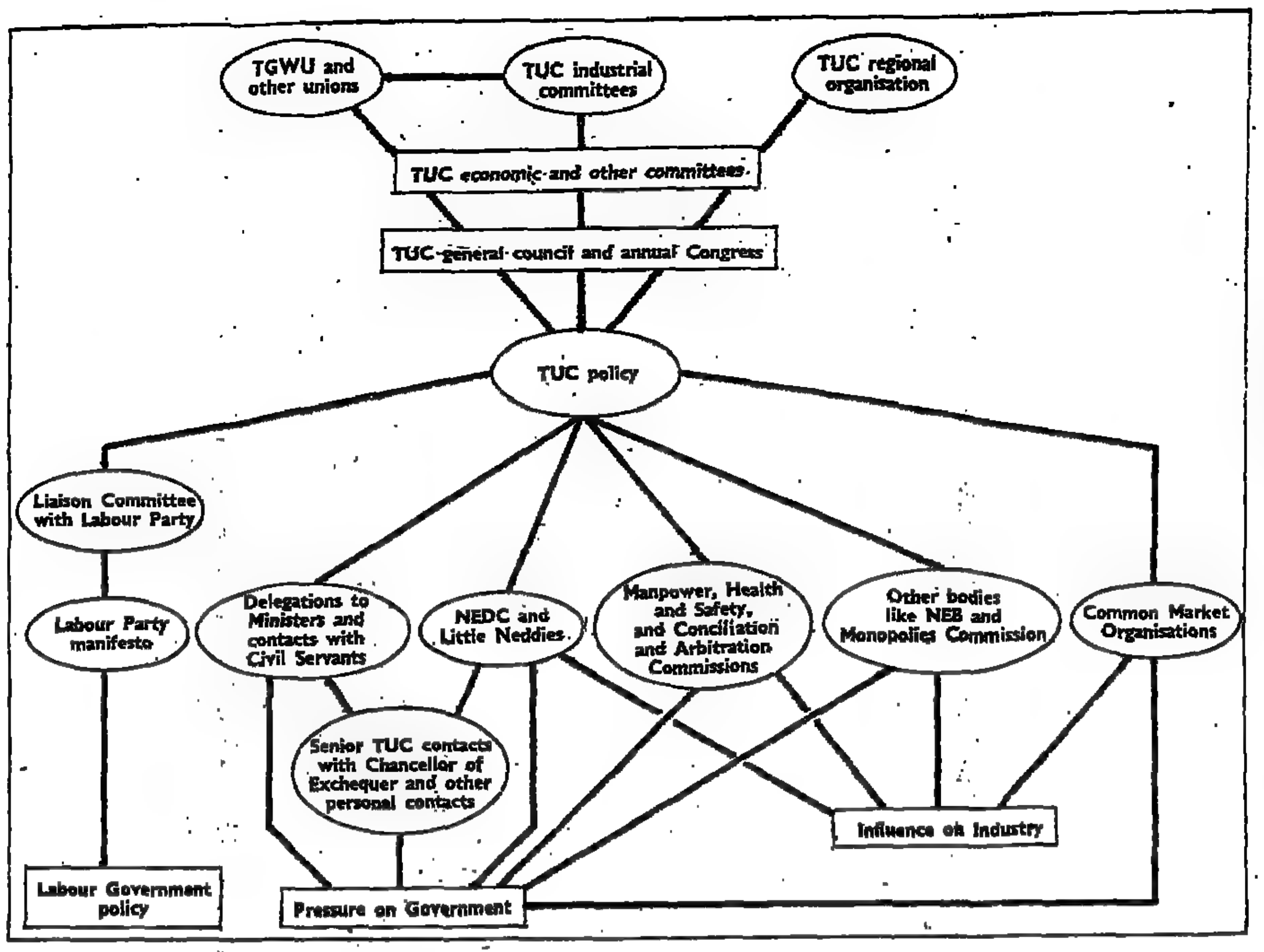
Next week's Congress marks the growing influence of the unions on national life. By John Elliott

The TUC's alternative system of government

THE 107th annual Trades Union Congress which opens in Blackpool on Monday will mark the latest stage in the growing influence of trade unions on Government policy and other industrial and economic affairs. For some years the power of trade unions has been increasing through their traditional collective bargaining role, backed by industrial action. Now we are entering a new phase in which the unions, through the TUC, are exerting a major influence within society through their special relationship with the Labour Government, through their increasing involvement in various public bodies, and, in the near future, through extensions of industrial democracy.

To some people this looks like the TUC going in for a mixture of collectivism and the corporate state, to the detriment of Parliament and society at large. To union leaders representing the 10.3m. members now in the TUC, all they are doing is pursuing their traditional role of trying to limit the central power of Government and employers over their members while, at the same time, giving union members, through their representative organisations, greater ability to influence decisions that affect their working lives.

It is from this starting point that Mr. Len Murray and his fellow TUC leaders are pushing their policies of industrial democracy. They see these gradually being drafted on to the present system of Parliamentary democracy so that trade unions and their members have increasing involvement in governmental and industrial affairs at four levels of the economy—nationally; at industry level; at company level; and on the shop floor.



Five days of debate

When, therefore, the 1,000 delegates gather for five days of debate next week they will be taking part in a policy-making process which will have a far wider impact than would have been the case a few years ago. As the accompanying diagram shows, their decisions on a wider range of issues from pay policy to pensions, education, housebuilding, unemployment—a major and contentious issue this year—and a host of other subjects can be pushed along a wide range of avenues.

In practice TUC policy—and therefore the pressure and influence exerted on the wide area shown in the diagram—comes from only one or two sources. The primary one is Mr. Jack Jones from his power base as general secretary of the country's largest union, the Transport and General Workers Union—itself virtually a mini-TUC. Mr. Jones exerts a major primary influence both through the TUC and through his personal contacts with the Government.

Of special importance here is his personal relationship with Mr. Michael Foot, Secretary for Employment, which amounts to what may be the closest partnership ever between a Cabinet Minister and the leader of a vested interest group. The reality, of course, is that both men have the same vested interest—the advance of socialism. In this context, Mr. Jones is fulfilling the role previously played by his predecessors, especially Ernest Bevin and Frank Cousins, as a national figure in the Labour movement, donning a mantle of leadership and bridging the gap between Labour Government and the rest of the movement.

Backing him up in various ways are some key people. One is Mr. Harry Urwin, his union's deputy general secretary, and a powerful union figure in his own right, who wields great power in a number of roles—being a member of the Ryder committee on British Leyland, of the Industry Department's Industrial Development Advisory Board, and of the organising committee of the National Enterprise Board.

Then there is the TUC head office organisation headed by Mr. Murray which has kept in step with the Jones policies during the past two years. Next week's Congress is the second at which Mr. Murray has appeared as the TUC's general secretary and it seems inevitable that he should resent the fact that he is overshadowed for all practical purposes by Mr. Jones. He almost certainly consoles himself with the thought that when Mr. Jones (and Mr. Hugh Scanlon of the Engineers) retires in 1978, he will still be only 56, with plenty of time to establish his own influence.

It is worth noting the apparently dwindling influence both of Mr. Scanlon and of the union he heads, which is the second biggest in the country. The union is so torn by its own political infighting (currently centring round the union's new Right-wing general secretary, Mr. John Boyd, who is being removed next week by his own colleagues from the TUC general council) and is so structurally fragmented that it wields little or no positive influence in TUC thinking.

The hitherto meekly passive third largest union, the General and Municipal Workers, has slowly emerged as a more positive force under its new general secretary, Mr. David Basnett. No longer is this union a pillar of the right-wing whose old guard will, in any case, almost all have vanished from the TUC with the retirement at the end of next week of Lord Greene, of the Railwaymen, and Sir David Davies, of the Iron and Steel Trades.

The General and Municipal Workers are strong in the public sector, and it is from these areas that unions such as the Public Employees and the National and Local Government Officers—the other two unions among the TUC's "big five"—exert influence on TUC policy. But these unions, like many others such as ASTMS, the Shopworkers, the Miners and the various Civil Service unions have had only a peripheral impact on the key policies which have emerged in the Jones era.

One is back, therefore, to the central power of Mr. Jones pushing his ideas in individual contacts with Cabinet Ministers and finding like minds at the TUC in the persons of Mr. Murray and Mr. David Lea, the TUC's economics secretary who broadly performs the role of TUC research officer. It is through men like these that policies like the £6 a week flat rate increase are built up, and plans are laid for worker directors, despite opposition from many unions.

All this causes extreme frustration among unions not even on the outer fringes of TUC policymaking, such as the small but significant Electrical Power Engineers Association. This union is sponsoring a debate next week complaining about lack of TUC consultation with its unions and proposing a full scale review of the TUC's structure, methods of working, and sufficiency of supporting staff.

There can be no doubt that there is a staff shortage at the TUC—there are only some 30 backroom experts at headquarters. Since there are only about another 30 research officers in all the other 110 TUC unions, it often seems a miracle that union leaders are as well briefed and serviced as they are. Traditionally, however, men like Mr. Jones have disliked the idea of building up new bureaucratic power centres in their own unions, and at the same time they have kept the TUC starved so that it should not become too important.

Such a small organisation structure also makes it easy for an idea from Mr. Jones to be quickly channelled through the right TUC industrial and policy committees—probably the key economic committee but maybe the traditional "inner cabinet" of the finance and general purposes committee. Inevitably trimmed and modified on the way, it can emerge within weeks at the monthly meeting of the TUC general council and so—subject to the annual Congress where Mr. Jones is rarely on the losing side—it wings its way out to all the places where the TUC is represented.

At this stage the overriding importance of the Labour Party links cannot be overstated, because it gives the TUC an insuperable advantage over the CBI, which further loses out on bodies such as the Manpower Commission because its representatives, perhaps strangely, do not seem to speak with the same well-drilled, well researched and unity as the union teams. The Labour Party link has meant that the TUC and the Party together wrote large chunks of the last two general election manifestoes.

This has provided the TUC with a direct policy line to the Cabinet, reinforced by the special Jones-Foot relationship, even though the days of last year, when the TUC could virtually dictate some policy lines, have gone with the worsening economic situation and the whole relationship could founder during the next twelve months. It was however part of the political skill of men like Mr. Jones and Mr. Murray that they realised that the honeymoon was over and accepted that they would have to trim their ambitions, to the extent of acquiescing in what is in effect a statutory pay policy, in order to try to ward off worse disasters.

Pushing ahead

With a string of victories under its belt, the TUC is now pushing ahead with its mixing of parliamentary and industrial democracy at all levels, helping to run various Government services and demanding virtual TUC control over who is appointed to represent the unions on public bodies. Through such bodies—ranging from the NEB to the White Fish Authority and the Commonwealth Development Corporation—the TUC increasingly voices its views.

At the centre, the TUC's influence on short-term economic affairs is expected to be enhanced through its six NEDC members sitting regularly with the Government and the CBI to monitor the country's economy in the coming months—only a few months after Mr. Jones called for "collective bargaining on the Budget." At shop-floor level shop stewards are becoming more involved in managerial decisions. How much the average union member wants all this is still an open question. But the TUC has willed it and sees it as the way forward.

What cannot yet be judged is whether—possibly because of a change of Government—recent events will in later years be seen as merely a short-term coincidence of political expediency and personal relationships at the top of the Labour movement. The alternative view is that Mr. Jones and the TUC are now mapping out a new way of running the country, with few people yet realising the full significance of what they are doing.

MEN AND MATTERS

Daf Truck's rumpus

The arguments over British Leyland may have got a little hairy, but they are minor compared with the storm which is enveloping Daf Truck, the Dutch lorry manufacturer. Apart from the usual motor industry tale of losses, possible redundancies and so forth, allegations about stolen documents are flying around and the company blamed resulting tensions for the sudden illness yesterday of Martien van Doorne, the 43-year-old chairman.

Almost 70 per cent. of Daf Truck is held by a company which is three-quarters owned by the van Doorne family and 25 per cent. by DSM, the State-owned chemical concern (originally, when it was still called Dutch State Mines, it supplied a lot of retrained miners as Daf workers). Daf's car interests are now controlled by Sweden's Volvo, in which the van Doornes' stake is 15 per cent.

Back, then, to Daf Truck, which in the first half of this year lost more than in the whole of 1974. The trade unions involved have said they will not accept cut-backs, urging, for one thing, that the Government bring forward its purchases of Army lorries to help out.

The issue is how the unions came by information detailing what remedial action Daf Truck may take. It is now clear that a large number of documents containing notes of Board meetings were passed to the Dutch Socialist Party, the dominant partner in the Government coalition which in turn gave the details to the unions. "We wanted the unions to be as well informed as possible before they started discussions with the Daf Truck management on re-organisation measures," explained a party spokesman.

He went on to describe as an "absolute disgrace" the fact that one union published the documents. The union said these showed that International Harvester, the American company which is the minority shareholder in Daf Truck, had concluded in a study that Daf production is too high. A thousand redundancies and a production cut-back from 14,000 to 12,000 units are said to be planned.

The betting is that the influence of the van Doornes, one of the founding families of Europe's motor industry, will be further reduced with a shareholding down to a third, with the Government and International Harvester having similar stakes. Martien is the eldest son of Huub van Doorne, co-founder of the business. "The strain of the last few days is probably the cause of his collapse," said Daf Truck. "The publicity surounding the stolen documents which aimed at bringing the company management into discredit has affected him very much. The efforts to undermine mutual confidence completely he found terrible.

Marriage debate

Denmark's theological debate, which makes the C of E's ditherings about women priests very tame reading, has broken new ground. Whether priests in the state Lutheran Church should be allowed to live in sin, as it used to be called, is the issue of the day.

The state church is a remarkable, democratic body in which each pastor is, so to speak, his own Pope on moral issues, though not on all doctrinal ones. But when a Copenhagen pastor refused to marry the woman he was living with (or rather she refused to marry him) the priesthood was faced with a poser. The Minister for Church Affairs admitted that his interest in religion is minimal and referred the matter to the Association of Parish Councillors who, deadlocked, sent it on to the Association of Parish Priests who sent it on to the bishops.

This was tricky, the bishops decided: Although they thought that priests, who had the spiritual duty of solemnising and preserving marriage should practise what they preached, some of the bishops thought that the matter could be left to local parish councils. And there the matter rests.

Arab acorns

In spite of the obvious financial might of its backers, and an impressively imposing Board, Al-Bank Al-Saudi Al-Alami has refreshingly small beginnings in one respect. Edgar Felton, formally appointed chief executive yesterday, reported the new bank's accommodation so far as just one room in the London office of Morgan Guaranty, the American banking group putting up 20 per cent. of the £12.5m. issued capital and providing management services.

Half the new Saudi International Bank will be owned by the Saudi Arabian Monetary Agency (SAMA). It was the close links between Morgan as a correspondent bank and SAMA going back to the late fifties that resulted in the rather curious situation of a U.S. concern effectively running from London what the Saudis hope will be a "merchant bank of the highest standing."

To prove it, the country's Minister of State for Finance and National Economy is chairman and three other leading Saudi financial figures are directors; another is promised, as yet unnamed. Apart from Felton, Morgan also has on the Board John Meyer, retired chairman of Morgan Guaranty Trust of New York. Considering British financial involvement is small (only National Westminster with 5 per cent.), representation is considerable. The U.K. directors are Lord O'Brien, former Bank of England Governor and now President of the British Bankers Association, and Sir John Prideaux, chairman of Natwest and the Committee of London Clearing Bankers.

Natwest also contributes one of the first executives: Cyril Palframan, at present a senior regional manager, who becomes Saudi International's operations division manager, like Felton on secondment from his old firm.

Felton, 41, had a two-year stint with an American paper manufacturer before joining Morgan in New York. He did five years in Brussels later, going back to New York to head the bank's Middle East and Africa department, though he did not acquire a knowledge of Arabic in the process. Saudi International is not to be a pipeline for oil moneys, intending to "compete on equal terms with other institutions." Isn't that market a bit crowded? Felton says everyone approached in the City so far has been very amicable, and "I think there's a role for us."

Definition

A differential is when I am paid more than you. An anomaly is when you are paid more than me.

Observer

Organisation of the international monetary system will be under discussion in Washington next week. Samuel Brittan reports

A plethora of credits and committees

IF international meetings and the proliferation of credit facilities were the key to improving the world economy, there would be little to worry about. As the chart shows, there has been a period of explosive growth of world reserves since 1970, during which the total has doubled, to over 180bn. Special Drawing Rights.

This figure understates the total growth in almost every way. One of the achievements of the IMF has been the general acceptance of the SDR, which is now based on a basket of currencies, not merely as a reserve asset but as a unit of account more stable than the dollar. As a result of the latter's devaluation over the last few years, the SDR is now worth some $1.19 (and £0.56). Thus measuring world reserves in SDRs leads to a smaller total than the conventional dollar measurement.

Mushroomed

Much more important is that gold is still valued at its conventional official price, which is due to be abolished. If world gold stocks are measured at the market price of SDR 135 per ounce instead of the official price of SDR 35, the total value of international reserves is now nearly SDR 290bn. The chart consists only of owned reserves. It excludes credit facilities, which have mushroomed greatly in recent years.

The main reason for the growth in reserves, apart from the rapid rise in the free market gold price over the last few years, has been the expansion of holdings of dollars—both Eurodollars held overseas and the normal variety held in the U.S. This expansion has come in two stages: the accumulation of dollars by countries trying to hold their currencies against the dollar, until the attempt was abandoned in 1973 and general floating was inaugurated; and the rise in holdings by the oil producers after the recent jump in the oil price. The very latest reports suggest that oil producer reserves have at last ceased to expand, presumably because the producer countries are now spending all their revenues either on imports or on purchasing longer-term physical or financial assets.

The IMF has also contributed its mite to world reserve growth through the provision of SDRs. Not surprisingly, members have come to the conclusion that enough is enough, and for the time being further issues are in abeyance. While the relation between international reserves and the domestic money supply of different countries is far from clear, it is difficult to avoid the conclusion that the growth of reserves has had something to do with the unprecedented world inflation problem. But with the move to floating, and the loosening of other currencies' links to the dollar, the blame can no longer be pinned exclusively on U.S. monetary policy, as international economists were formerly inclined to do.

Fallen

It is true that reserves have fallen as a proportion of world imports from over 70 per cent. in the 1950s to not much more than 20 per cent. But it is quite likely that reserves were more than ample to start with, for all the talk at the time of "a shortage of international liquidity"—surely one of the greatest non-problems in history. Moreover, to quote the IMF's own annual report, "the volume of reserves needed is smaller in circumstances of widespread managed floating than under the par value system." In addition there has been a several-fold expansion in borrowing from the international capital markets, which has also reduced the need for reserves. This expansion is one of the ways in which the petrodollars of the oil producers have been channelled back into world payments.

U.K. BORROWING FACILITIES ($bn.)

Swap arrangement with the Federal Reserve Bank of New York	3.0
IMF general account, excluding the U.K.'s reserve position at the fund, which counts as part of the reserves	3.2
IMF oil facility—at present a maximum of	1.2
EEC short- and medium-term facilities — a theoretical maximum of	5.0
OECD oil facility	2.0*
	14.4

* Not yet ratified

It might provide a respite from astronomical figures of billions, if I take a look at the committees and groups which are supposed to be in charge of the arrangements. So many are being formed that no list can claim to be comprehensive.

The root problem is that an organisation containing nearly all countries outside the Soviet bloc cannot hope to take effective decisions if each representative tries to take an active part, even if there is some pooling of Executive Directors by the smaller nations.

The original inner cabinet of the IMF was known as the Group of Ten. This proved unpopular as "a rich man's club." The negotiations for the reform of the world's monetary system were undertaken by a wider Committee of Twenty. This presented its final report in June, 1974. As it was based on the concept of fixed but adjustable parities, it was shelved until such time as more stable currency conditions returned.

One recommendation which was accepted was to set up a permanent Council, of similar composition, which would make decisions. This is not yet officially in existence; but the 20 countries now meet under the title of the Interim Committee.

But this by no means exhausts the list. There is a Group of Twenty-four, which represents the Latin-American, African and Asian countries. There is also a Development Committee containing both industrialised and developing countries.

There are numerous pressure groups outside the Fund. There is, for example, the Group of Seventy-Seven of UNCTAD countries concerned primarily with the poorer and developing countries, nor is the Commonwealth Finance Ministers to be forgotten. This has become an important lobby for the "New International Economic Order," which I discussed yesterday, which favours commodity agreements and special deals to bypass market forces.

These ideas will be discussed by no less a body than the UN General Assembly, meeting in New York next week at the same time as the IMF itself. Many of these same people have recently met at yet another group known as the Conference of Non-Aligned Countries, which were advised this week by General Juan Velasco Alvarado, the President of Peru, to impose strict limitations on international companies and foreign investments, as part of a programme of accelerating the development of poorer countries.

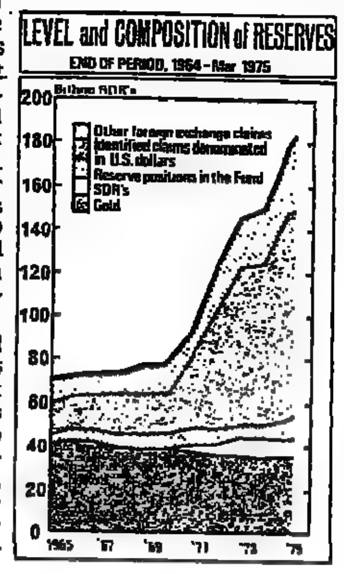
Forum

Of more immediate concern to Mr. Denis Healey, are the EEC meetings, which discuss financial questions at almost every level, heads of Government, Foreign Ministers and Finance Ministers—not to speak of the many official committees. Another important forum for the industrialised countries is the OECD, with more than 20 members, including Japan and Australia as well as North America and European countries.

Perhaps I will be pardoned for not attempting to list bodies related to the World Bank. But it is clear that the groups already mentioned are far too unwieldy for the "frank discussions" of the communiques, or even for effective horse trading. When the Committee of Twenty was holding its sittings there were never less than 200 people in the room.

The more limited Group of Ten main industrial countries have continued meeting rather quietly. With the advent of oil wealth no one can call it the rich man's club any more. It has been relatively easy to continue its meetings without offence, as its membership is almost identical with that of Working Party Three. This is the inner group of the OECD, which does go in for pretty extensive mutual surveillance of each other's economies, at high official level with only two or three dozen people in the room.

More recently an even smaller body known as the Group of Five has met at Finance Minister level. This consists of the U.S., the U.K., Germany, France and Japan. Its composition has caused a good deal of trouble—for instance, because of the absence of Italy. This is likely to become the most important high level forum of the developed countries, although hardly a power house for new or unfashionable ideas.



Conditions

The longest-established credit facility which these groups could make available to supplement world reserves is the General Account of the Fund. This disposes theoretically of SDR29bn. In practice SDR8bn. is readily available and a further SDR5½bn. can be obtained from the principal member countries under the General Agreement to Borrow. This was established in 1962 and was the origin of the Group of Ten. IMF credits are granted subject to conditions which increase in severity as more of a member's quota is drawn.

A decision to relax the rules was taken in 1974 to help countries specially hit by higher oil prices. But the aim was to help the poorer countries and not to make it easier for a country such as the U.K. to run deficits. The IMF credit facilities already cover *compensatory financing* under a special scheme, for countries which might be hit by a fall in primary product prices. But although the loans are soft, they are intended to be repaid. There is even a facility for financing the much-discussed *buffer stocks* for commodities; but little advantage has so far been taken of it.

A newly established credit fund is the Oil Facility. This was originally known as the Witteveen Plan after the Fund's managing director. It is hoped to assemble about SDR5bn. for this, although not all has yet been committed. As its name suggests, the Fund's aim is to re-channel funds from the oil-producing countries to those whose oil payments are causing difficulties. The EEC has an independent similar facility for $3bn. Both facilities are on a stand-by basis and so far little use has been made of them. A minor source of help for developing countries will be the sale of one-third of the IMF gold stock; one sixth, amounting at market prices to SDR3bn., has been earmarked for developing countries.

One of the most important sources of short-term aid is the network of *swaps organised through the U.S. Federal Reserve*. This has existed for a long time, but has recently been increased to $20bn.

The newest facility of all, still to be ratified, is one also worth $20bn. through the IMF. The money is to be committed on a stand-by basis and is to be used only if all else fails; hence the frequent reference to it as a "safety net." But understanding has not been helped by the variety of names under which it was known. It was originally called the Kissinger Plan formulated when the U.S. Secretary of State was most anxious about the repercussions of the oil confrontation. It was later known as the OECD Facility, as that organisation took it up and is now sometimes called "The Other Oil Facility."

Quotas

These arrangements are not, however, regarded as sufficient and the IMF will be discussing next week a 32 per cent. increase in the quotas which govern its ordinary credit operations. Under cover of this increase the quotas of the oil producers will be doubled.

Perhaps the most useful achievements have been not any of the credit arrangements, but the formal agreement on the rules governing managed floating, and the international pledge to refrain from new trade restrictions. This could come under stress during the coming months; and it is as well that it has been made a condition for the use of the "Witteveen" Oil Facility, and its observance is likely to be watched by the IMF under the other credit facilities, too. Mr. Healey's economic advisers please note.

Letters to the Editor

Unemployment benefits

From Mr. R. Howell, MP.

Sir,—I was interested and most encouraged to read Mr. Samuel Brittan's article on unemployment support (August 21). By restricting his example to the family with two children he perhaps fails to put across the fact that incentive to work decreases *in direct ratio to the number of children in the family*. This applies whether the family is receiving unemployment benefit or supplementary allowance. Not long ago my attention was drawn to the case of a man with ten children who was happily living on supplementary allowance of over £72 per week *free of tax*—a net income far in excess of anything he might hope to acquire through his own exertions.

The following table shows the cut-off point for each family size at which employment becomes more profitable than idleness:—

Single person	£45 per week
Married with no children	£55-60
" " one child	£65
" " two children	£65-70
" " three	£70
" " four	£75

Compare average earnings estimated April 1975 at £54.50 per week

It must of course be emphasised that statistics such as these can only establish the general picture. Some people will be better off and some worse off than the figures indicate. The true characteristics of the unemployed will not be known until the unemployment register is maintained on a computer file. For some reason unknown the Department of Employment attaches low priority to this.

But there can be no doubt that the dice to-day are heavily loaded in favour of idleness. This is not the result of any policy decision. It is the product of layer upon layer of unco-ordinated tax, welfare and unemployment legislation over the past 25 years. We have created a system which is a jungle of anomalies and financially quite out of control.

In 1974/5 we spent more than six times as much on unemployment support *at constant prices* than in 1949/50—with twice as many unemployed. The cost of supporting those not eligible for unemployment benefit has increased by a factor of 13, at constant prices, over the same period.

The main causes of this state of affairs are the following:—

1) Misuse of PAYE, with the exemption of short term benefits since 1949, and the gradual lowering of the income tax threshold from 103 per cent. of average manual earnings in 1949/50 to 48.8 per cent. in 1975/76.

2) Increase in the value of unemployment support to a level which requires excessive taxation of those at work and militates against the efforts of the Manpower Services Commission to speed up job mobility.

3) The 1966 Social Security Act and the proliferation of other selective benefits — all separately means-tested.

The combined result has been to destroy incentive. Not only are people better off out of work. Increasing numbers of families earning below the average are being dragged into the poverty trap—with no incentive to work overtime or to seek promotion, because increases in earnings are cancelled out by higher tax liability and loss of selective benefits.

Families with three children now earning £30 a week who receive a £6 increase will find themselves with 70p per week less spending power than before—that is without taking into account the ravages of inflation.

Ralph Howell.
House of Commons, S.W.1.

Paying for roads

From the Public Relations Officer, Road Haulage Association.

Sir,—Mr. R. Atkins (August 26) is not the first and will no doubt not be the last to extend to what seem perilously near absurd conclusions the results of some tests carried out 15 or more years ago by the American Association of State Highway Officials. In any case these tests have no relevance to his assumption that private motorists are subsidising the use of roads by heavy lorries.

Road track costs were the subject of a report by the Ministry of Transport in 1968. In the year covered by the report, road maintenance — the subject of the tests in the U.S.—cost £86m., something between 15 and 20 per cent. of total road costs. The Ministry was aware of the AASHO tests and had some reservations about them. Nevertheless, in the Ministry's calculations the "vast majority" of the cost of maintenance was attributed to heavy vehicles.

In spite of this the report came to the conclusion that the users of those vehicles paid nearly twice as much in special taxation as their total share of all road costs. In view of the fact that revenue from road users has increased subsequently at a much greater rate than expenditure on roads, the proportion is now likely to be considerably higher. Certainly it is in no way possible to sustain the claim by Mr Atkins that British Rail's problem is mainly due to the subsidy which its road competitors receive from "private motorists, ratepayers and taxpayers."

F. R. Lyon.
Roadcraft House,
22, Upper Woburn Place, W.C.1.

Civil service pay

From The Secretary-General, Civil Service National Whitley Council.

Sir,—It is unfortunate that Mr. Anthony Harris, writing in the Lombard column (August 21), should display such comprehensive misunderstanding of the civil service pay negotiating system.

This year's negotiations did not go through "rather smoothly." They commenced in November, 1974, and continued until the end of March, 1975. The increases then negotiated were not backdated, as Mr. Harris suggested. They took effect from April 1, 1975. The increases were not "paid much earlier this year than last." The operative date of the annual civil service pay review was deferred this year from January 1, the date which had applied for many years past, to April 1.

As if it were not enough to get all the facts wrong, Mr. Harris then has to make a little joke about the ability of civil servants to smell pay restraint in the offing as well as the next man. I can assure him that they have always been obliged to smell pay restraint from very close quarters since it has invariably been applied to them more rigorously than to any other section of the community.

John Dryden.
19, Rochester Row, S.W.1.

A singular area

From Mr. J. Laurenson.

Sir,—In the North Sea Oil Review (August 22) Adrian Hamilton gives an interesting, accurate assessment of the situation in the Shetland area, which he pluralises, thus following the assumption of some ignoramus in the Admiralty that if there were one hundred islands (which too depends on what area one calls an island) they must needs be plural. Early Ordnance surveyors wreaked havoc with Shetland place names—Sudheim became Sodom, Waas was titivated to Walls, losing all meaning in the change.

It may help Mr. Hamilton (and other visiting journalists) to condescend to believe that when Shetlanders say Shetland they mean precisely that. In the catalogue of maps in the county library from the E.S. Reid Tait collection ranging from the earliest times only one uses the plural "Shetlands"—fittingly that issued by the "London Society for the Propagation of Useful Knowledge," while in a recent booklet "The Various Names of Shetland" in twenty-five references from 1226 to 1782 there is not a single plural.

There is also the absurdity of the "official name" so the chairman of your forthcoming conference in Oslo—the Rt. Hon. Jo Grimond—is member for Orkney and Zetland through the retention of a Scottish Scribe's use of "Z" for the "Y" in "Yetland," one of the earlier variations of what eventually became Shetland at the recent changes in local government, the Shetland Islands Council took over the duties (amongst others) of the Zetland County Council.

John B. I. Laurenson.
135, Wennington Road,
Rainham, Essex.

The Russian language

From Mr. K. Weisskopf.

Sir,—I, for one, did enjoy the article on the Russian language by David Lascelles (August 19), having learned it at an overripe age imperfectly, pleasurably and profitably. But hardly anyone in Russia claims that the fact Lenin spoke it justifies its study. The linguistic reference to the founder of the Soviet Union is based on the verses of Vladimir Mayakovsky, one of the world's great poets who wrote:

"Though were I to be a negro
of advanced age,
I would untiringly and unflaggingly
Learn Russian,
If only because Lenin spoke it."

Nor do I object to the 33 letters of the Russian alphabet. They are phonetic and have been successfully used to provide a viable alphabet for a number of Mongolian formerly nomadic tribes in northern Russia and Siberia enabling them to preserve their linguistic identity.

Turning to the supra-national application of Russian I would like to quote Nikolai Faddyeyev, Secretary of Comecon, who writes on page 68 of his book SEV (Sovyet Ekonomitcheskoy Vzaipomoshchi — Council of Mutual Economic Assistance): "The languages of all member countries are the official languages of the Council. The work of the sessions proceeds in the *working (Russian)* language. The minutes and other documents of session and its ancillary organs are recorded in *Russian*.

In the circumstances it is probably fair to assume that Russian is the supra-national language of the 350m. East European economic association. It could become a world language which businessmen and industrialists ignore at their peril and material detriment.

Kurt Weisskopf.
Consulting Editor Eastern Europe London Chamber of Commerce and Industry.
79, Bear Road, Brighton.

Slavic roots

From Mr. I. Varlane

Sir,—As a Romanian I have to protest very drastically against David Lascelles' statement about the Romanian language (Spreading the words, August 19, Page 6).

No Russian words have been absorbed by the Romanian language. Ancient Slavic, which is the common root of all Slavic languages of to-day, had a considerable influence upon Romanian as the Slavs had to cross Romania to head southwards to Yugoslavia and Bulgaria. In that time no Russian State existed.

To-day about one-fifth of the Romanian vocabulary is of Slavic origin, but they have been adapted to the Latin logic of Romanian morphology and syntaxes.

Nor is the internationally adopted word "robot" of Russian origin. It penetrated Europe during the last decades of the Austrian monarchy through the novels of the Czech writer Karel Capek, who described a world where man was served by mechanical serfs (serf in Czech is robotnik).

I. Varlane,
13, Rue de l'Arc de Triomphe,
75017 Paris.

David Lascelles writes: While I may have glossed over the distinction between the words of Slavic and Russian origin, does not the Romanian for yes "da," suggest the beginnings of links with Russian?

Cuts in living standards

From Mr. W. Fliess.

Sir. — Commenting on the Government anti-inflation leaflet in your leading article (August 27) you keep on stressing the overriding need for cutting public expenditure and the apparent lack of the Government's awareness of this. The same point was made in the Opposition's reply to the Prime Minister's broadcast when Mr. Whitelaw criticised the fact that the Government asks every one to accept a lowering of living standard before they themselves embark on stringent cuts in their own expenditure.

It is difficult for an outsider to argue about the proper size of these cuts as part of an anti-inflation policy. But it is most annoying to see the sloppy way in which these two words "public expenditure" are treated. As if "the Government" were a family lowering "its" living standard. Apart from cutting out inefficient bureaucracy which we all would applaud, cuts in public spending means lowering *other people's* living standards. And it is not difficult to imagine who these "other people" are when food subsidies and expenditure on health and education are cut to the bone.

Walter Fliess.
33, Post House Lane,
Great Bookham, Surrey.

To-day's Events

GENERAL
TUC general council ends two-day meeting, Blackpool.
Figures of new construction orders for June issued.
Mr. Eric Deakins, Parliamentary Under-Secretary of State for Trade, continues official tour of Australasia for trade and economic talks.
British Association for Advancement of Science annual meeting continues, Guildford.

EXHIBITIONS
London—the City and its Port, an exhibition devoted to commerce and environment of the River Thames and City, depicted in oils, Guildhall Art Gallery, E.C.2.
Handicrafts and Do-It-Yourself Exhibition, Olympia.
Brighton International Exhibition and Trade Fair, Metropole Centre.

COMPANY RESULTS
Photopia International (full year).
Wagon Finance Corporation (half-year).

COMPANY MEETINGS
Concrete, Iver, Bucks., 12.
Grovewood Securities, 22, Arlington Street, S.W., 11.
Lees (John J.), Glasgow, 11.30.
Lennons, Warrington, 12.
Polymark, Jeddo Road, W., 3.
Reed (William), Leeds, 2.30
Thorn Electrical Industries, Dorchester Hotel, W., 12.
West Coast Associated Tanneries, Millom, Cumbria, 12.

OPERA
English National Opera production of Carmen, Coliseum Theatre, London, 7 p.m.

BALLET
London Festival Ballet dance Noir et Blanc, Scheherazade, and Gaité Parisienne, Royal Festival Hall, London, 7.30 p.m.

MUSIC
Henry Wood Promenade Concerts: BBC Symphony Orchestra (conductor Rudolf Kempe) with Tamas Vasary (piano) and Jennifer Bate (organ) perform Prokofiev (Suite: The Love of Three Oranges). Liszt (Variations on a theme of Bach: Weinen, Klagen, Sorgen, Zagen for organ). Liszt's piano concerto No. 1 in E flat major, Dvorak's symphony No. 9 in E minor. Royal Albert Hall, London, 7.30 p.m.

SPORT
Cricket: Fourth Test (second day), England v. Australia, Oval.
Athletics: Coca Cola International meeting, Crystal Palace.

COMPANY NEWS + COMMENT

Henry Wigfall sales and profit growth

ON A TURNOVER up by £10.6m. to £36.91m., group pre-tax profit of Henry Wigfall and Son advanced from £2.2m. to £2.5m. for the year to March 31, 1975, subject to unchanged loan stock interest of £134,000. At the 28 weeks' stage pre-tax profit was up from £0.8m. to £0.91m.

Profit for the year 1973-74 was also subject to an extraordinary provision of £2.21m. for unamortised purchase tax on rental assets.

Earnings per 25p share are shown at 43p (45p before the extraordinary item) and the dividend is raised from 3.693p to 3.94p net.

	1974-75 £000	1973-74 £000
Group turnover	36,912	26,288
Pre-tax profit*	2,593	2,199
Taxation†	111	95
Net profit	2,482	2,104
Extraordinary debit	—	3,207
Attributable	2,253	‡237
Preference dividend	1	1
Ordinary	205	182

* Subject to loan stock interest £134,000 (same). † Represents ACT. ‡ Loss.

The business is that of multiple shop retailers for radio and television sets, washing machines, furniture, etc.

● comment

Henry Wigfall's profits are 15 per cent. up, but what they do not reveal is the trend in HP sales last year, as the group only takes profits when agreements expire. But the full accounts will reveal a £3m. jump to £5m. in the amount owing under financing arrangements which points to the HP business moving ahead faster than rental sales. However, an increased rate of VAT on new turnover has taken the edge off new business and, although there may be some recovery this autumn, cash sales are still dull after the "Budget" buying spree. Expansion is concentrated in the south, having saturated the traditional trading area, and the Baker and Scott shops have recently extended their services to cover the full range of HP and credit facilities offered by the parent. At 110p yesterday the shares, yielding 5.7 per cent., are dogged by a narrow market which a scrip issue would correct. Meanwhile, the market must be considering UDT's position: it soon has the option of increasing its 33 per cent. stake, but may even be looking to place the existing holding elsewhere. This may all add up to an extra bit of speculative appeal to the shares.

(a quarter of turnover in the previous year) has supported this strategy, has offset financing costs and has not, thanks to tax relief, impaired liquidity. At the same time, a move to cash sales, reflected in a mere one-tenth increase in deferred profit reserve, has enhanced profit calculations. The clothing division has all but maintained its previous 25 per cent. share of profits, thanks to cost savings at the group's new model factory at Scarborough. Sales growth has apparently been maintained in the current year and a yield of 8 per cent. and a p/e of 5.7 at 64p are at a discount to the stores sector.

INDEX TO COMPANY HIGHLIGHTS

Midway rise at Hill & Smith

WITH PROFIT, before tax, of Hill and Smith up from £263,874 to £339,141 for the six months to March 31, 1975, the chairman, Mr. T. H. Silk, says he is confident that year-end results will maintain the record of "unbroken progress" since 1969.

He warns however that trading in the second half is being affected by the general recession in industry. For the year 1973-74 profits were a best-ever £601,394 and dividends 3.6363p net, adjusting for a one-for-ten scrip issue.

For the current year an interim dividend of 1.4p, compared with an adjusted 1.2727p, has already been declared. Directors and families have waived payment on 484,170 shares.

The company's business is that of steel stockholding, forging and fabricating, etc.

	Six months 1974-75 £	1973-74 £
Group turnover	4,453,919	3,827,785
Profit before tax	339,141	263,874
Taxation	176,000	124,500
Net profit	163,141	139,374
Dividends less waivers	34,324	28,928

Geo. Spencer setback

George Spencer, manufacturers of "Vedonis" knitwear, reports first half 1975 pre-tax profit down from £316,000 to £38,000, on a turnover up from £3.83m. to £3.98m.

But the directors state the second half could show an improvement although much will depend on customers accepting orders on due delivery dates. Profit for the year 1974 was £563,463.

A same again interim dividend of 0.984375p net is declared. Last year's total was 2.384125p.

	Half-year 1975 £000	1974 £000
Turnover	3,976	3,828
Pre-tax profit	38	316
Taxation	19	160
Net profit	19	158
Attributable	*27	156

* Includes £8,000 (nil) surplus on sale of property.

Hales Props. expansion prospects

Hales Properties has an "excellent portfolio" of properties, together with sufficient land reserves to continue its building and development programme into the foreseeable future, says the chairman, Mr. R. J. Hales.

Current figures reflect a satisfactory profit level for 1975-76, and the directors anticipate at least maintenance of a 2.225p net dividend.

As reported on July 29 group pre-tax profit for the year to March 31, 1975, was £119,489 (£124,576), after general expenses of £59,093. Property sales contributed £306,785 to turnover and £94,209 to profit, and rental income £184,720 and £84,283.

Weslyan and General Assurance holds 24.2 per cent. of the "relevant" capital.

Meeting, Sutton Coldfield, September 11, noon.

Scottish Cables (SA) profit rise

Taxable profits of Scottish Cables (South Africa) increased from R2.24m. to R2.4m. in the six months ended June 30, 1975, subject to tax of R746,000 (R872,000). Profit for 1974 was R4.3m.

Current trading conditions are not expected to change materially in the second half and provided no unforeseen circumstances arise, it is expected that the profits for the period will be of a similar order to those in the first half.

In view of a site expansion programme with which the group is currently engaged and the continuing need to conserve cash resources, it has been decided to maintain the interim dividend at 4 cents per share.

The directors point out that the low level of tax for the period arises from the investment allowances associated with the company's expansion programme.

The company is a subsidiary of BICC.

Waring & Gillow up by £0.72m.

THE SUBSTANTIAL increase in profit forecast by household furnishers, etc., Waring and Gillow (Holdings), turns out to be from £1.82m. to £2.54m. for the year to March 31, 1975, after £0.87m., against £0.85m. for the first half. Turnover for the year expanded from £23.1m. to £29.36m.

Stated earnings per 25p share advanced from 7.7p to 10.85p and the dividend is stepped up from 2.9703125p to 3.17943p net with a final of 2.220945p.

A one-for-ten scrip issue is also proposed.

Stated earnings per 25p share increased from 7.7p to 10.85p.

After deducting the transfer to deferred profit reserve the net profit is £2,457,090 against £1,856,965. The group has a provision for deferred profit carried forward into future years of £893,593 (£813,938).

Tax absorbs £1,200,139 (£950,938) leaving £1,256,951 (£900,027) available for dividend which costs £365,927 (£339,385).

The scrip issue is for holders registered on January 9, 1976.

● comment

The "substantial" second-half increase promised by Waring and Gillow turns out to be a gain of 57 per cent. in pre-tax profits on a 36 per cent. sales gain, to leave the full year ahead by 32 per cent. and 27 per cent. respectively. Against a background of healthy furniture demand, the margin improvement has stemmed from the pursuit of high volume on stores which are larger than normal for the trade, so gearing returns above the break-even point. The inflation in the value of a usually high level of stocks

Stoddard slumps to £0.29m.

A SHARP decline in pre-tax profit from £629,000 to £78,000 in the second half leaves the total for the year ended May 31, 1975 at Stoddard Holdings down from £1,391,000 to £287,000, reflecting increasing overheads, in particular sharply rising factory costs during the latter half.

Stated pre-tax earnings per 25p share are down from 34.5p to 6.9p and after tax from 14.8p to 3p. Dividend total is 2.13282p net, against 2.19842p, with a final of 1.25345p. At the gross level the payment is the same.

In significantly less buoyant trading conditions turnover of £13.31m. was maintained at about the same level as last year (£13.37m.) both at home and overseas with exports continuing to account for 23 per cent. of total sales.

Sir Robert Maclean, chairman, says that in view of the uncertainty of trading conditions, group policy was primarily directed towards strengthening liquidity. A decrease in short-term borrowings of £596,000 "shows that this objective was achieved."

With a much improved liquidity ratio even after financing new equipment to the value of nearly £600,000, the directors have more recently felt that, despite the challenges that still lie ahead for the trade in general, the group can safely expand its turnover. Additional items and new ranges, the launching of which were delayed in the interests of improved liquidity, are now on the market and though these are early days, their reception has been good, he adds.

	1974-75 £000	1973-74 £000
Turnover	13,310	13,371
Trading profit	861	1,713
Finance charges	289	146
Exchange losses	40	9*
Depreciation	393	164
Associates losses	13	7
Profit before tax	287	1,391
U.K. tax	14	310
Overseas	16	83
Deferred	122	394
Total tax	156	789
Profit after tax	131	602

* Credit.

Statement Page 18

Smith Wallis warning

In his annual report Mr. H. B. Wallis, chairman of Smith Wallis and Co. warns that a fall in turnover and profit is likely in the first six months of the current year.

Since the end of March there has been a very considerable slackening off in demand, both home and overseas, which has necessitated a cutback in production and the possibility of short-time working, he explains.

"We shall, no doubt, need some of our deposited funds—£237,851 at March 31—to meet wages and overheads while producing at the anticipated lower rate."

As reported July 18 group pre-tax profit expanded from £172,459 to £309,505 in the year ended March 31, 1975 and the dividend is 2.56p (2.415p). The group manufactures fittings in brass, zinc, etc.

Meeting, Birmingham, September 17 at noon.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Associated Cement ...int.	2.35	Oct. 17	2.2	—	6.98
Brittains ...int.	1.51	Oct. 10	1.31	—	3.02
Cement-Roadstone ...int.	2.25(b)	Oct. 9	2.25	—	4.75
Gripperrods	2.88(b)	Oct. 28	2.56	4.88	4.41
Ladbroke ...int.	1.84	Oct. 31	1.67	—	3.87
LEC Refrigeration ...int.	1.17	Oct. 17	1.09	—	2.91
Liden ...int.	Nil	—	nil	—	0.17
Lonrho ...2nd int.	1.63	Oct. 31	1.52*	—	3.53*
Mather & Platt ...int.	0.83	Oct. 20	0.75	—	2.5
North Broken Hill	5.5(c)	Nov. 27	5.5	9	9
George Spencer ...int.	0.98	Sept. 30	0.98	—	2.38
Stoddard Holdings	1.25	Nov. 12	1.28	2.13	2.2
Vantage Securities ...int.	0.11	—	0.11	—	0.33
Waring & Gillow	2.22	—	2.36	3.18	2.98
West of England Trust	0.64	—	0.38	1.14	1.25(a)
Henry Wigfall	3.94	—	3.69	3.94	3.69

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) For 14 months. (b) Gross throughout. (c) Australian cents.

Scottish Investment income up

GROSS INVESTMENT income of the Scottish Investment Trust improved from £944,600 to £985,800 in the nine months ended August 5, 1975.

The figures comprised franked income £572,400 (£563,200) and unfranked £413,400 (£381,400), and are struck before gross interest of £42,000 (£70,700) and expenses £53,000 (£45,000).

At August 5, 1975, investments had a market value of £28.93m. (£21.98m. at November 5, 1974) including, where applicable, the full investment currency premium amounting to £5.43m. (£3.94m.).

Net asset value per 25p Ordinary unit after prior charges at redemption values, was 89.4p (62.8p) including premium surrenderable on sale of foreign securities of 4.2p (2.9p).

W. of England Trust

GROUP PROFIT for the year to June 30, 1975 of West of England Trust amounted to £550,453, compared with £551,074 for the previous 14 months, after interest charges of £118,151 (nil).

Stated earnings per 25p share are shown at 1.95p, against 2.24p for the previous period. A final dividend of 0.6387p net makes a maximum permitted total of 1.1387p (1.25p for 14 months).

	1974-75 £	*1973-74 £
Operating profit	370,966	390,838
Share associates	297,636	190,416
Interest charges	118,151	—
Pre-tax profit	550,453	551,074
Taxation	270,934	234,611
Minorities	1,856	—
Extraordinary debit	11,297	138,750
Retained	100,330	178,835

* 14 months. † Credit.

Cement Roadstone downturn

IRELAND'S BIGGEST industrial group Cement-Roadstone reports a reduction of 4.8 per cent. to £4.28m. in pre-tax profit for the 28 weeks ended July 9, 1975, and stated earnings are down from an adjusted 3.99p to 3.63p per 25p share.

The directors regard this result as being at least as good as could reasonably have been expected. The group target remains a profit for the year as close as possible to the £8.2m. reported for 1974.

However, they feel it would be unwise to anticipate any significant improvement in trading in the rest of the year.

They report that for the 28-week period volume growth was achieved in some products, but volumes in the main were reduced, particularly in the home market.

Cement tonnage sales were 13.9 per cent. less in 1974, reflecting the continued deterioration in the level of activity in the building industry. With the exception of relatively buoyant sales in the south of Ireland, other products suffered even more severely, members are told.

Sales prices, which are controlled, were not adequate to arrest the decline in trading margins, which reduced from 18.7 per cent. to 16.5 per cent. The decline would have been more accented were operations not trimmed rapidly to reflect the level of demand.

"Accurate forward planning and tight management control saved the company from what could have been severe effects on profit of such a downturn in our industry generally," the directors stress.

The interim dividend is unchanged at 2.25p gross per share. For 1974 the total was 4.75p.

The directors report that progress on the major cement project at Platin (Co. Meath) is on target. It was indicated in the 1974 annual report that the final cost including interest would be in excess of £35m. Accelerating inflation will bring the cost before completion to an estimated £40m. but arranged finance facilities cater adequately for this sum.

See Lex

Mather and Platt improvement

FIRST HALF 1975 profits of Mather and Platt, the general engineering group, show an increase from £1.25m. to £1.44m., and the directors expect the improvement to continue in the second half.

Cash flow is better, and there should only be a marginal increase in borrowings, in which respect the group remains comfortably within its limits, they add.

After all charges the first half attributable balance emerges at £746,348 (£655,617), from which is deducted an extraordinary item £330,693 (nil) being costs and settlement of court action.

First half earnings per 25p share are stated to be up from 2.6p to 2.9p. The interim dividend is raised by the permitted maximum —from 0.75p to 0.825p net. In 1974 a total of 2.5p was paid from profits of £3.56m.

	First half 1975 £	1974 £
Turnover	44,523,903	33,128,673
Trading profit	3,721,484	1,948,600
Interest	1,752,730	699,462
Profit	1,658,754	1,250,138
Taxation	684,746	578,346
Net profit	734,008	671,792
Attributable	746,348	655,617
Extraordinary debit*	330,693	—
Dividends	216,362	196,094

* Costs and settlement of Court Action.

Order intake for home and export is about 6 per cent. up on last year and that of the overseas subsidiaries by about 16 per cent. Figures for Europe are marginally down, but most group companies in the rest of the world are buoyant, the directors report.

On prospects they consider that they depend very much on Britain's ability to control inflation. There is a sustained demand for the group's products, but a number of potential large export contracts have been lost to foreign competitors because of margins included to cover for anticipated cost increases during the several years required for delivery.

"The national recession is undoubtedly deepening" and the depressed nature of the building trade, in particular, affects the fire protection side of the business, members are told. However, the variety of the group's products and its multi-national operations are of considerable help in such times and profitable growth is expected to continue.

● comment

Mather and Platt reckons that better control of working capital accounts for the higher domestic contribution to group profit, adding that the fire protection interests (say 30 per cent. of U.K. profit) are still finding buoyant enough markets to offset a flat building sector. A mere £0.25m. increase in borrowings is envisaged during the next six months. But there are warning signs flashing, like the slowdown in Europe, which has increased its share of group profit from 21.4 per cent. (1972) to 37 per cent. last year. There has, too, been a dramatic fall in the rate of growth in the order-book, down now from 60 per cent. ahead a year ago to around 12 per cent. Higher interest rates could play havoc with cash flows, now that debt is around 70 per cent. of net worth, but the dividend hike is one sign of in-house confidence. At 34½p, the yield is 11.8 per cent.

CAWOODS DELAY

Cawoods Holdings announces that owing to printing difficulties it will not be possible to despatch the report and accounts for the year ended March 31, 1975 until September 3.

Record £0.65m. by Gripperrods

ON A TURNOVER up from £3.16m. to £3.83m., pre-tax profit of Gripperrods Holdings expanded from £561,824 to a record £653,151 in the year to April 30, 1975, after £289,188, against £262,878 for the first half.

And the chairman, Mr. J. L. Cowan, reports that current year figures to the end of July show a "not inconsiderable increase" in sales although indications are that inflation and other factors have again eroded profit margins. "None the less I look forward to being able to report higher profits during the coming year," he declares.

Stated earnings per 10p share for the year increased from 11.3p to 12.8p, and the dividend is stepped up from 4.41p to 4.88p gross with a final of 2.88p.

Net profit was £319,798 (£270,722), after tax of £333,353 (£291,102).

The directors have waived the final on 967,422 (750,000) shares.

Transport Development Australia

From a 38.4 per cent. increase in turnover pre-tax profit of Transport Development Australia expanded from $1.34m. to $1.66m. in the year to June 30, 1975.

Earnings per share are shown to be up from an adjusted 17 cents to 21.4 cents and the dividend is effectively raised from 7.27 cents to 8.3 cents.

	1974-75 $	1973-74 $
Turnover	10,476,368	7,589,311
Trading profit	2,205,272	1,753,476
Depreciation	544,378	409,139
Profit before tax	1,660,894	1,344,342
Tax	770,088	636,671
Net profit	890,806	707,677
Extraordinary credit	*125,440	25,394
Attributable	1,016,244	733,071
Dividends	333,818	302,733
Retained	682,426	430,338

* Capital profit from sale of surplus property.

Rights issues results

Scottish and Newcastle Breweries' rights issue to raise £21m. has been taken up as to 91 per cent. of the 54,431,663 shares offered. The balance has been sold at a net premium (about 13p per share) and will be distributed to shareholders entitled thereto, except that no payment will be made for less than £1.

BTR's issue of 6,606,090 shares has been accepted by 91.5 per cent. and the balance has been sold at a premium and will be distributed to shareholders except that no payment will be made for less than 30p.

Crellon Holdings' rights issue has been oversubscribed. Applications for shares in excess of rights have been allotted in full up to 1,000 shares and larger amounts have been allotted approximately 85 per cent. of the number requested.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div.	Times covered	Gross Yield	P/E Ratio
$106	F.P.	—	£77	£75	Brazilian Inv. S.A.	£76	......	—	—	—	—
55	F.P.	21/8	66	54	Lawrence (Walter)	64	......	4.5	2.7	12.6	4.6

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
‡‡	F.P.	21/8	93	87	Adwest Grp. 10½% Cnv. 95/2000	87	......
$100	F.P.	—	101½	99½	Barclays Bank Int 9¾% Capital Notes 1982	99½	......
£100	F.P.	7/11	51⅝	50	Barnet Corp. 13¾% 1980	51¼	......
£100	F.P.	7/11	60¼	49½	Do. Do. 14% '84/5	60⅞	......
A**£98	£10	—	10	9¼	Bristol Water 9% Red Pref 1980	9¾	......
£100	F.P.	—	100	98¼	CSR 9½% Notes 1980	100	......
**£99	F.P.	12/9	101½	9	Camb. Water 9% Red. Pref. 1980	98	......
£100	£60	—	49½	44	Ciba Geigy (G.F.S.) 8¾% Guar. Ln. 1982/95	44	......
£96½	£10	—	10¼	10	City of Liverpool 13¾% Stk. 1981	10⅛	−⅛
£97½	F.P.	12/9	98⅛	96¼	City of Westminster 13% Red. St. 1981	97¼	−¼
£99	F.P.	5/9	101	98	Clayton Dewandre 18% Deb. 90/5	100	−1
£98½	£10	5/12	11¼	9½	Derby Borough Council 13½% Stk. 1982	10½	......
‡£99	F.P.	29/8	100¼	89	East Surrey Water 9% Red. Pref. 1980	98	+1
‡£100	F.P.	5/9	104	89	English Properties 12% Conv. Ln. 2000/5	98	......
‡£1	Nil	—	¼p.	½p.	Fotems 10% Cnv. Red Cum Pref.	½p.pm	......
£99	F.P.	31/7	112	100¼	Folkstone Dist. Water 9% Red. Prf. 1980	100¼	......
£100	£50	23/10	60¼	58	Hoechst 13% Guar. Ln. 1990	55	−1
‡‡	F.P.	—	99p	94p	Johnson&Firth Brown 11.05%Cm. Conv.Prf	99p	......
‡£100	£40	22/8	52½	40½	Land Secs 10% Conv. 90/6	52½	+1½
‡£100	F.P.	21/8	107½	97	Mitchell Cotts 13% Conv. Uns. 90/5	101½	......
£99	F.P.	26/9	101¼	9	Newcastle & Gate 9% Red. Prf. 1980	97¼	......
£99	F.P.	31/7	112¼	100¼	N. Surrey Water 9% Red. Prf. 1980	100¼	......
‡£100	F.P.	—	106	87	Property Hldgs. & Inv. 9% Conv. '90/5	93	−1
—	F.P.	—	100	99	Schlesinger Int. Fd. (Jersey) Part Red Pref	100	+1
£99	F.P.	29/8	99¾	98	Sunderland Water 9% Red. Pref. 1980	98	......
‡‡	F.P.	—	92	77½	Turner Curzon 10% Conv. Uns. 75-80	92	......
‡‡	F.P.	29/8	105	98¼	Whitbread 11% Conv. 1995	105	+1½

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Dates		Stock	Closing Price p	+ or −
18½	F.P.	15/8	10/9	Adams Foods	19	......
46	F.P.	7/7	10/9	BOC Intl.	47½	+½
90	F.P.	22/8	17/10	B.T.R.	136½	+2½
Is£1.25	Nil	4/9	1/10	Bank of Leumi (Israel)	7pm	−1
115	F.P.	21/7	1/9	Bowater	162	+1
10	Nil	—	—	British Car	16½pm	+½
50p	F.P.	25/7	5/9	British Steam Specialties	54	......
66	Nil	4/9	3/10	Chubb & Son	16pm	−1
36	F.P.	22/8	19/9	Clayton Dewandre	56	......
45	F.P.	6/8	4/9	Comp Air	57½	......
25	F.P.	27/8	25/9	Crellon	27	+1
41	F.P.	22/8	19/9	Crosley Building	45	......
66	F.P.	21/8	16/9	Davy Intl.	86	......
27	Nil	—	—	Dixons Photo	11pm	−1
27	Nil	—	—	Do. A	9pm	−2
72	F.P.	30/7	28/8	Dundee-Combex-Marx	117	+2
25	F.P.	15/8	19/9	Empire Stores	75	−2
25p	F.P.	15/8	5/9	Hanson Tst.	103	......
10p	F.P.	29/7	3/9	Headlam Sims & Coggins	11½	......
25	F.P.	29/8	3/10	Howard Machinery	39	+4½
46	F.P.	15/8	16/9	Law Land	53	+1
103	F.P.	30/7	15/8	Legal & General	111	......
128	F.P.	15/8	19/9	McCorquodale	167	+2
32	F.P.	20/8	2/10	Morgan Edwards	39	+1
35	Nil	—	—	Normand Elect.	5½pm	+½
105p	F.P.	21/7	29/8	Pegler Hattersley	122	+1
$A1.50	F.P.	—	—	Poseidon	200	......
106	F.P.	11/8	5/9	Renold	125	......
78	F.P.	26/8	19/9	Royal Worcester	105	+5
40p	F.P.	26/8	25/9	Scottish & Newcastle Brewery	56	+1½
10	F.P.	28/7	12/9	Senior Engineering	16½	+½
80p	F.P.	25/7	12/9	Siebe Gorman	135	+2
95p	F.P.	25/7	5/9	Smiths Industries	101	+1
170	F.P.	8/8	3/10	Tate & Lyle	200	+5
65	F.P.	15/8	12/9	Westland Aircraft	47	+½
12½	Nil	—	—	Woodhouse & Rixson	9pm	......

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. g Forecast dividend; cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ♣ Offered to holders of Ordinary shares as a "rights." ♥ 200 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ♦ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. $ With warrants

UNIT TRUSTS

MARLBOROUGH FUND

The interim distribution on Marlborough Fund Income Units is 0.618p net per unit (0.567p net last year) payable October 4. This payment covers income received during the accounting period from February 18 1975 to August 18 1975.

EBOR PROPERTY

The latest distribution from Ebor Securities' Property Share Unit Trust for the six months to June 15, is 46p per 100 units, making a year's total of 105p compared with 99p.

During the latest half-year the equity content of the portfolio was substantially increased. However, at June 15, the fund was 15.8 per cent. liquid in view of continuing volatility in share prices.

Over the period the managers reduced the proportion directly invested overseas from 17.3 per cent. to 3.8 per cent. in order to minimise exposure to the investment currency premium. Holdings were subsequently increased in U.K.-based companies with high overseas earnings.

مكتب الاعلام

APCM midway recovery but demand still low

MAINLY REFLECTING economies and selling price increases in the U.K., first half 1975 profits of Associated Portland Cement Manufacturers have recovered sharply from £9.5m. to £19.1m.—at which level they are within £3.6m. of the exceptionally low total for all 1974.

In the U.K., deliveries of cement fell by 5.9 per cent. to 5.3m. tonnes, and exports were unchanged at 0.4m. tonnes, the directors state. The reduction in home deliveries results from the curtailed activities of the construction industry.

The recovery in profits from the exceptionally low level in 1974 is due principally to U.K. operations, resulting from economies and receiving the full benefit of selling price increases in the latter half of 1974 and early in 1975, they explain.

It is expected there will be a further decline in deliveries to the home market in the second half which will have an adverse effect on profit levels.

Earnings per £1 unit are stated to be up from 4.6p to 9p in the first half. The interim dividend is raised from 2.2p to 2.35p net—the 1974 total was 6.9785p.

	Half-year 1975 £m.	1974 £m.	Year 1974 £m.
Turnover:—			
Home	97.6	78.6	151.1
Overseas	37.3	17.7	[illegible]
Total	134.9	96.3	213.3
Trading profit	24.6	13.5	[illegible]
Depreciation	10.0	7.7	17.0
Share of Associates	7.3	3.3	8.0
Investment income	[illegible]	1.3	2.0
Finance charges	3.4	2.8	6.4
Profit before tax	19.1	9.5	22.7
Taxation	10.6	4.8	11.5
Net profit	8.5	4.6	11.2
Minorities	1.2	0.9	2.8
Attributable	7.3	3.7	8.4

Overseas, the group's holding in West African Portland Cement was reduced from 50.2 per cent. to 40.3 per cent. following the taking up by the Federal Government on July 3 of additional shares in furtherance of the agreement that Government participation should be increased.

In the half year's results the appropriate proportion of WAPC's profits before tax has been included in share of associates. In the six months to June 1974 the turnover and trading profits of the former subsidiary were £3.6m. and £0.8m. respectively.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends considered are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims:—Alliance Trust, Wagon Finance Corporation.

Finals:—Photopia International, Radiant Metal Finishing, Second Alliance Trust.

FUTURE DATES

Interims:—	
Allied Polymer	Sept. 26
BTR	Sept. 3
Cosalt	Sept. 8
Costain (Richard)	Sept. 9
Edinburgh Investment Trust	Sept. 1
Fairview Estates	Sept. 4
Rotork	Sept. 3
Union Corporation	Sept. 9
Williams and James (Engrs.)	Sept. 18
Youghal Carpets	Sept. 24
Finals:—	
Biddle Holdings	Sept. 11
Dalgety	Sept. 4
Dixon (David)	Sept. 3

Newall Machine £169,000

A TURNROUND from the previous year's loss of £304,000 to a pre-tax profit of £169,000 for the year to March 31, 1975, has been achieved by Newall Machine Tool.

And the directors say it is hoped the current year's results will be no less satisfactory.

Earnings per 10p Ordinary share for 1974-75 are shown at 1.7p (loss 4.4p). There are again no dividends on the Deferred Ordinary or Ordinary shares.

	1974-75 £000	1973-74 £000
Sales	5.728	3.912
Profit	169	*304
Taxation	42	8
Net profit	127	*312
Minority	2	—
Attributable	129	*312
Extraordinary debits	67	†24
Preference dividends	6	6
Attrib. Ordinary	56	*294

* Loss. † Credits.

Mucklow to pay more

A. and J. Mucklow Group announces that its Accumulating Ordinary shares are to be converted into Ordinary shares with effect from September 4 next.

In the absence of unforeseen circumstances the directors intend a final Ordinary dividend of 2.994p per 25p share for the year ended June 30, 1975, making with the paid interim a total of 5.49p net—equivalent to gross dividends totalling 8.33749p an increase of approximately 10 per cent. *It is expected the final will be paid* in January, 1976.

The group operates as building contractors and estate developers, brick makers etc.

Vinten cuts borrowings

The meeting of the Vinten Group (cameras, photographic equipment etc.) was told there had been no material change in the trading position since publication of the annual accounts.

However, bank borrowings had been further reduced and operating were "well within budget."

The annual report stated that conditions were likely to remain difficult this year, and that the directors would continue to focus attention on the cash position and *the necessity to introduce further* products, particularly from 1977 onwards.

Brittains downturn—same net interim

FIRST HALF group turnover of Brittains decreased from £12.06m. to £11.81m., and pre-tax profit contracted from £1.17m. to £0.73m. reflecting sharp falls in the paper-making and the plastics and light engineering divisions. Improved results were achieved in civil engineering.

On prospects the chairman, Mr. K. R. Latchford, says the liquidity situation is being strictly controlled, and the group is well placed for a quick return to improved levels of profitability when there is an upturn in world economy. Profit for the year 1974 was £2.19m.

As before the interim dividend is 1.5075p net. Last year's total was 3.015p.

Trading was very difficult, but some sectors are strong, and *benefits of the diversified composition of the group are being* realised, says Mr. Latchford.

Mr. Latchford stresses that the international paper trade continues to be extremely depressed and while most stringent measures are being taken, together with determined efforts to improve the position in the coming months, based on present levels of sales and production, the paper division overall is currently below break-even.

Prospects in the other divisions are brighter, where all companies are continuing to contribute profit to a varying degree.

	Six months 1975 £000	1974 £000	Year 1974 £000
Paper turnover	4.501	5.217	10.400
Plastics and light engineering	2.148	2.467	5.004
Civil engineering	4.315	3.706	7.799
Haulage	741	673	1.448
Insurance broking	101	—	—
Total turnover	11.806	12.063	24.651
Paper profit	329	545	1.048
Plastics and Light engineering	113	438	841
Civil engineering	402	297	533
Haulage	19	304	130
Insurance broking	56	—	—
Total profit	819	1,284	2.374
Less stock interest	78	81	139
Loan interest	10	14	26
Profit before tax	731	1,169	2.189
Taxation	365	565	1.069
Net profit	366	604	1.100
Ordinary div.	169	159	318
Preference	7	7	15
Exceptional debits	11	—	*12
Retained	179	418	779

*Credits.

● **comment**

Despite Brittains' attempts at diversification, the feast or famine nature of the paper industry is well illustrated by a 42 per cent. fall in interim pre-tax profits, excluding the contribution from insurance broking. In the paper division, which accounted for 43½ per cent. of trading profits in the comparable period, trading profits have fallen by 38 per cent. but at the same time profits in the plastics division, as a consequence of destocking, have fallen by nearly three-quarters. The only bright spot has come from civil engineering, where sewage contract completions have boosted profits by 77 per cent. The contribution here should be lower in the second half while the plastics side is on an uptrend. The major question mark hangs over the paper division, currently loss making, where buoyant ceramic demand for transfer papers vies with depressed electricals demand in the export-oriented specialist side and a genuine upturn in overall demand is not expected until the final quarter. Still, the annual dividend has already been covered but considerable uncertainty surrounds the share price which at 30p yields 16 per cent.

Trevor Humphries

Mr. R. W. "Tiny" Rowland, chief executive and managing director of Lonrho.

Lonrho up 35% in third quarter

THIRD QUARTER pre-tax profit of Lonrho, the British-based group with extensive commodity, industrial and financial interests through-out Europe, Africa and the *Middle East, increased by 35* per cent. to £14.9m., taking the total for the nine months to June 30, 1975 up to £35.2m. an increase of 30 per cent. Turnover rose by £111.2m. to £349.8m.

After tax and minority interests net attributable earnings are ahead by a third at £10.8m., compared with £8.1m.

A second interim dividend of 1.625p per share net makes a total equivalent to 2.479p per per share to date compared with 2.245p. The total for the year to September 30, 1974 was equal to 3.525p paid from profits of £46.48m. in the year. For the year to March 31, 1974 a payment of 1.75p net was made.

	Nine months 1975 £m.	1974 £m.
Turnover	349.8	238.6
Group profit	29.4	21.1
Associates	5.8	5.9
Total pre-tax profit	35.2	27.0
Taxation	18.5	14.4
Minority	5.8	4.5
Attributable	10.8	8.1

Statement Page 16

See Lex

Tex Abrasives sales rising

In the recent annual report, Mr. L. Evelyn-Jones, the chairman of Tex Abrasives, reported that group turnover in the first three months of the current year had increased by about 25 per cent., compared with the same period in the previous year.

At the annual meeting yesterday, Mr. Evelyn-Jones said: "That trend appeared to be continuing but the current industrial scene was by no means healthy and it would be idle to predict the future with any degree of accuracy."

However, he added, recent steps taken to branch out into different fields would, he hoped, ensure the company would continue to prosper—"and I think it will."

ASSAM TRADING

The directors of Assam Trading (Holdings) consider that the results should justify a dividend being paid on the "B" stock later.

COSALT LOAN PURCHASES

Cosalt has bought for redemption £110,000 nominal of its 10 per cent. convertible unsecured loan stock 1983/88. This leaves £430,028 nominal in issue.

ANGUS RESTAURANTS

At a meeting of holders of the 8 per cent. Debenture Stock 1987/92 of Angus Restaurants, early repayment and redemption of the stock at £75 per cent. plus accrued interest (less tax) to September 4 was approved.

COMPANY NEWS IN BRIEF

ASHWOOD MACHINE TOOLS—Dividend 0.2p (nil). Turnover £696,101 (£574,490) year to March 31, 1975. Profit £15,909 (loss £20,574), after all charges including tax, debit £17,750 (credit £9,800). Earnings per share 1.9p (loss 1.2p).

SOBRANIE (HOLDINGS) (tobacco makers)—Results year ended Feb. 28, 1975, reported Aug. 8. Group fixed assets £849,794 (£777,778), goodwill, etc. £117,044 (£86,288), net current assets £941,618 (£964,389). Current year has started well in all divisions. Meeting, Connaught Rooms, W.C., Sept. 18, at noon.

BALL AND COLLINS (OIL AND GAS) (exploration)—Results for 1974 already known. Group licences and concessions £971,429 (£1,247,822). Current assets £484,513 (£502,403). Current liabilities £229,791 (£127,462). Meeting 22, Lower Belgrave Street on September 18 at noon.

STEWART NAIRN GROUP (hosiery and knitwear distributors)—Results year to March 31, 1975, reported July 29. Group fixed assets £248,413 (£436,426). Net current assets £95,433 (liabilities £8,684). Meeting, Hinckley, September 18, at 11 a.m.

SPR INVESTMENTS (formerly San Paulo (Brazilian) Railway Company—Interim dividend 1.25p net (nil). Gross income £132,152 for first six months 1975. Pre-tax profit £123,034 after deducting administration expenses £9,118. Tax £60,595. Retained £12,439.

BENN BROTHERS (publishers of trade journals and directories)—Results year ended June 30, 1975, reported August 16 with observations. Group fixed assets £1.38m. (£1.29m.), current assets £2.65m. (£2.5m.) and liabilities £1.36m. (£1.4m.). Meeting, 25, New Street Square, E.C., *September 19 at 12.30 p.m.*

EXECUTEX CLOTHES — Turnover £773,121 (£1,060,859) for 1974. Loss £93,313 (£98,165) before extraordinary deductions £22,950 (nil). Turnover for half-year to June 30, 1975, £369,802 (£413,897) and profit £16,548 (loss £49,330).

STERLING AND DOLLAR AREAS INVESTMENT TRUST—Annual report and accounts will not be issued within the six months period following the date of the year end. This is because the Board has recently decided to change the financial period and the accounts have been audited accordingly to March 31, 1975. It is expected, however, that accounts for the 13 months period will be available for circulation to holders later next month.

VANTAGE SECURITIES—Interim dividend 0.113p (same). Pre-tax revenue, half-year to June 30, 1975, £7,317 (£5,711). Tax £2,847 (£2,489), leaving £4,370 (£3,222).

ENOXLEA HOLDINGS (contractors to telecommunication and electronic industries)—Results year to February 28, 1975 reported August 9. Group fixed assets £129,253 (£125,007). Net current assets £79,378 (£90,797). Meeting Great Eastern Hotel, E.C., Sept. 26, noon.

WESTFORTH ELECTRICAL AND AUTOMATION (a subsidiary of Keyser Ullmann)—Results year ended March 31, 1975 reported August 16. An analysis of the £96,371 profit shows: manufacture and distribution of electrical goods, etc., £262,071 loss; refrigeration engineering £42,298 profit; manufacture and automation control equipment £321,344 profit; and wholesale and retail domestic electrical equipment £5,000 loss. Group fixed assets £3.18m. (£2.86m.). Net current assets £862,532 (£1.55m.)—overdrafts £2.33m. (£1.77m.). The accounts show a provision of £930,000 in respect of reorganisation costs. Both the directors and the auditors say they cannot judge whether this will prove excessive or inadequate. Meeting, 25 Milk Street, E.C., September 30, at 2.30 p.m.

CITY AND FOREIGN INVESTMENT COMPANY—Gross income for first six months 1975 £66,000 (£90,000). Management expenses £9,000 (£12,000) and dollar loan interest £42,000 (£77,000). Revenue £16,000 (£1,000) before tax nil (£1,000), leaving £16,000 (nil).

Tax charge nil because of losses brought forward. Directors anticipate that net revenue for full year will be "minimal" and they do not expect to recommend dividend.

As at June 30 value of net assets were £2,977,000 (£3,300,000) before U.S. dollar borrowings of £1,150,000 (£1,678,000). Net asset value per 25p share 46p (39½p).

In calculating net asset value, account has been taken of Investment Currency Premium attaching to the surplus (June 30, 1975) and the shortfall (June 30 and December 31 1974) of assets in the Dollar Loan account. In interim report for six months to June 30, 1974, no account was taken of this shortfall which amounted to 6p per share. No provision made for the surrender of 25 per cent of the premium which might arise on future disposals of investments.

Ladbroke's record first half—£2.3m. rights

AT THE same time as reporting an increase in first half taxable profits from £3.45m. to a record £5.06m., Mr. Cyril Stein, chairman of the Ladbroke Group, announces a proposed one-for-one rights issue at par—10p—to raise some £2.3m.

In his interim statement Mr. Stein says the policy of spending "only as we earn" is being strictly observed and has resulted in maintenance of a sound financial position. The future is faced with confidence, he adds.

First half net earnings per share are shown to have advanced from 6.9p to 10.2p. The net interim dividend is 1.84p against 1.67p and it is intended to lift the total from 3.872p to the maximum allowed 4.1178p—if the issue is approved the new shares will rank for the 2.2778p final.

Pre-tax profit for all the year 1974 was £10.08m. with stated net earnings per share of 22p.

Halfyear results are compared in the table—turnover and expenses of the holding division are excluded since most of the season falls in the second half.

	Half year 1975 £000	1974 £000
Turnover	125,824	121,840
U.K. trading profit	5,660	4,244
Overseas	63	37
Total	5,723	4,282
Interest	663	834
Pre-tax profit	5,063	3,449
U.K. tax	2,6[illegible]	1,777
Overseas tax	—	2
Minorities	112	142
Available	2,328	1,528

Mr. Stein points out that despite the rise in operating costs the group has in the period maintained the percentage net margin achieved in the previous twelve months.

Turnover is slightly higher notwithstanding the planned contraction of the credit betting division where turnover was £7m. lower. Largely as a result of running a "slimmer" operation, this division has much improved its performance.

The chairman reports that trading is "very satisfactory." The betting division, which currently operates 1,040 units, will have opened a considerable number of new large shops by the end of 1975, taking the place of many small units being sold or closed. This policy has met with immediate success, he says.

The hotel, holiday and entertainment divisions are "doing well" and are expected to earn record profits in 1975. The property subsidiaries are rapidly completing projects in the U.K. and on the Continent and most are expected to become rent producing in 1976. "Excellent" results are expected from these investments.

The proposed rights issue, which is of 23.18m. shares to be offered to holders registered *August 29, would enable the* capital base to be enlarged and substantially increase shareholders' dividend income, Mr. Stein tells members. It obviously does not have to be underwritten, he points out.

The issue is conditional upon a modification of rights attaching to warrants and to an increase in authorised capital to £8m.

Warrant holders and Pension Funds Securities, which holds an option on behalf of the ICI pension fund to subscribe for 1,078,879 Ordinary shares at 171.2p per share, would be entitled to participate as if they had exercised their subscription rights in full, but as the proposed issue is at par, and not based on market price, the directors consider the entitlement would be inappropriate, as would continuation of the subscription price at 171.2p which would not reflect the expected adjustment in market price.

Subject to a proposed modification of rights of warrant holders being approved and to subsequent implementation of the rights, PFS has agreed that instead of participating in the issue the option would be to subscribe for 2,156,158 shares at 90.6p.

The warrant holders' similar modification is that, instead of participating in the issue, they would become entitled to subscribe for twice the number of shares to which they are presently entitled at 90.6p per share.

See Lex

Edbro peak in first quarter

OUTPUT at Edbro (Holdings) in the first three months of the current year has set new records, and profits are commensurate, states the chairman, Mr. L. V. D. Tindale, in his anual review.

However, orders have continued at a low level and in June the company had to invite 10 per cent redundancies and introduce four-day working in two manufacturing plants.

In the longer term he remains "optimistic"—there is no indication that the company has suffered any loss of market share. Forward projections show that the company has resources adequate to the requirements of the present busines, he says. Tax relief on stock inflation eased the liquid position by £0.5m.

Turning to the selling front during year 1974-75, Mr. Tindale states that Edbro succeeded in obtaining business above manufacturing rate over the first three months but even by then home orders were dropping off. By late summer intake had fallen to low levels and by the end of December the company was facing problems in keeping the factories in full production.

However, sufficient orders were obtained to keep full production at the increased capacity until mid-June.

Over the year as a whole there was a progressive switch to exports and currently some 35 per cent. of production is being directly exported with another 10 per cent. through indirect exports.

Some two-thirds of group profits are currently arising from sales outside the U.K., a substantial part coming from Continental Europe, he says.

The chairman assures shareholders that at this level the plants affected are still capable of outproducing the present intake of orders, although most of the more specialised activities are not short of work.

There are signs that some of the problems attributable to the excess demand of 1973-74 such as overstocking by distributors are gradually wearing off and when this is completed the situation will be easier even without an upturn in demand by the end user, he adds.

As known profit before tax for the year to March 31, 1975, expanded from £1.61m. to £1.81m. and dividends are up from 4.3929p to 4.6698p, the maximum allowed.

The company manufactures hydraulic tipping hoists, pumps, etc. Meeting, Waldorf Hotel, Aldwych, September 25 at noon.

Chairman's statement Page 16

£0.8m. from LEC Refrig. at halftime

EXPANSION of pre-tax profit from £481,000 to £792,000 is announced by LEC Refrigeration for the first half of 1975. For the full year 1974 profit was a record £1.09m.

The directors say the results are due to considerable sales growth including a further 11 per cent. export increase. On the home market the company has been able to avoid increasing prices and at present there is a "very full order book."

Stated earnings per 25p share are up from 5.73p to 9.72p and the interim dividend is higher at 1.16721p, against 1.09375p, absorbing £47,062 (£44,100). Last year's total was 2.91195p.

	Half-year 1975 £000	1974 £000
Turnover	8,748	5,467
Pre-tax profit	792	481
Taxation	400	250
Net profit	392	231

● **comment**

Lec Refrigeration has continued to confound market trends. Having pushed up pre-tax profits in the previous 12 months by 27 per cent., basically on the back of strong export performance, the group has managed 60 per cent. and 65 per cent. improvements respectively in sales and profits for the first six months of 1975 due to strong home demand. Success has been attributed to maintenance of selling prices in the face of rapid cost increases and the increases in VAT to 25 per cent in the Budget has apparently resulted in no more than a momentary check on demand. Latest industry figures show that for the first five months of the year the value of home deliveries by British manufacturers was ahead by less than 10 per cent. The outlook for Lec remains good and the group has improved its balance-sheet position since the year-end—at that time, bank borrowings represented £260,000 against shareholders' funds of £3m. The market responded to the figures with an 11p jump in the shares to 62p, where the prospective yield is a growth-conscious 8 per cent.

Cardinal Trust

First half 1975 pre-tax revenue of The Cardinal Investment Trust decreased from £251,733 to £261,725, after higher interest charges of £106,340, against £93,205, and expenses up from £34,602 to £35,907.

After tax of £93,991 (£99,094), the net figure is down from £182,639 to £167,734. Net revenue for the year 1974 was £377,911.

An unchanged interim dividend of 1.75p net per 25p share has already been declared. Last year's total was 4.25p.

Net asset value per share is shown at 163.1p.

STODDARD HOLDINGS LIMITED

(Carpet Manufacturers)

GROUP RESULTS FOR THE YEAR ENDED 31st MAY 1975

	1975 £000	1974 £000
TURNOVER	13,313	13,371
TRADING PROFIT	861	1,713
Finance Charges	268	140
Losses on Exchange	40	(9)
Depreciation	253	184
	300	1,398
Associated Companies	(13)	(7)
Profit before Tax and Extraordinary Item	287	1,391
U.K. Tax	18	310
Overseas Tax	16	85
Deferred Tax	122	394
	156	789
Profit after Tax before Extraordinary Item	131	602
Extraordinary Item	44	—
Profit after Extraordinary Item	175	602
DIVIDENDS AND RETAINED PROFITS		
Preference Dividend paid	10	10
Ordinary and 'A' Ordinary Interim paid 9th April 1975—0.87937p (1974—0.91875p)	35	37
Proposed Final 1.25345p (1974—1.27967p)	50	51
	95	98
Profits retained	80	504
	175	602
CAPITAL EMPLOYED		
5% Preference Stock	300	300
Ordinary and 'A' Ordinary Stock	1,000	1,000
Reserves and Retained Profits	4,262	4,182
Government Grants Deferred Credit	477	399
Loan Capital	576	132
Deferred Taxation	1,163	746
Future Taxation	18	226
	7,796	6,985
NET ASSETS		
Fixed Assets	3,958	3,549
Investments	-40	53
Short Term Borrowings	(1,128)	(1,724)
Current Assets less Liabilities	4,926	5,107
	7,796	6,985
EARNINGS PER SHARE		
—before Tax	6.9p	34.5p
—after Tax	3.0p	14.8p

STATEMENT BY CHAIRMAN—SIR ROBERT A. MACLEAN

In significantly less buoyant trading conditions turnover was maintained at approximately the same level as last year both at home and overseas with exports continuing to account for 23% of total sales. Increasing overheads, and in particular sharply rising factory costs during the second half of the year, seriously eroded profit margins and in view of the uncertainty of trading conditions Group policy was primarily directed towards strengthening liquidity. A decrease in short term borrowings of £596,000 shows that this objective was achieved. With a much improved liquidity ratio even after financing new equipment to the value of nearly £600,000, the Board has more recently felt that, despite the challenges that still lie ahead for the trade in general, the Stoddard Group can safely expand its turnover. Additional items and new ranges, the launching of which were delayed in the interests of improved liquidity, are now on the market and though these are early days, their reception has been good.

The Board recommends a final dividend of 1.25345p which together with the interim dividend of 0.87937p makes 2.13282p for the year. The rate of dividend is the same as last year but since the corresponding period last year the rate of imputed tax credit has increased from 33% to 35%.

Subject to approval by shareholders at the Annual General Meeting the final dividend will be payable on the 12th November 1975 to shareholders on the register at the close of business on the 2nd October 1975.

EAST ASIATIC RUBBER ESTATES, LIMITED

The 52nd Annual General Meeting of East Asiatic Rubber Estates, Limited was held in Kuala Lumpur, Malaysia on Thursday, August 28, 1975.

The company has reported a pre-tax profit for the year 1974-75 of M$1.99 million (£356,135), showing an increase of 14.8 per cent over the previous year's profit.

The Chairman, Mr. Erik Petersen, stated that the transfer of central management, control and tax residence of the company was finally concluded on 17th December, 1974.

However, approval of the transfer could only be granted by the U.K Treasury, after all portfolio investments had been disposed of, which unfortunately resulted in a loss of M$1.08 million. This amount has been accounted for in the profit figure for the year stated above.

The improved result was partly caused by a 5 per cent. increase in the crop to 3,318,000 kgs. of rubber and partly by a higher premium being obtained for centrifuged latex during the year.

The net dividend received from the subsidiary company, Teluk Merbau Plantations, Limited amounted to M$529,537 (£94,643) as compared with M$329,100 (£60,361) the previous year.

After providing for taxation and taking into consideration the interim dividend of 2.48 pence per share already paid to Shareholders during June 1975, a balance of unappropriated profits, amounting to M$1,034,260 (£172,586) is being carried forward to the next financial year.

The Chairman regretted that the Board was unable to recommend a final dividend due to the U.K. Dividend Limitation Act.

It was also mentioned that the capital repayment of £200,000, approved by the Shareholders at an Extraordinary General Meeting on 27th June, 1975, is now expected to take place in December 1975, after the necessary approval has been granted by the High Court in London.

The subsidiary company, Teluk Merbau Plantations, Limited again had an excellent year, as a result of the very favourable world prices for palm oil and kernels during 1974.

The Chairman expressed confidence that the measures taken by the Malaysian Government will help to stabilise rubber prices at an economical level. Mr. Petersen furthermore stated that although the future for palm oil is difficult to forecast, the Board feels that this commodity should bring in a reasonable return in future.

Mr. Erik Petersen pointed out to the Meeting that all Directors had been present at a Board Meeting held in Kuala Lumpur on 11th August, 1975, and he conveyed the apologies of Mr. M. Pagh and Mr. N. E. Blemmer for their inability to be present also at the Annual General Meeting, which for technical reasons had to be postponed from 11th to 28th August, 1975.

In conclusion the Chairman recorded the Board's appreciation of the services rendered during the year by the Estate Managers and their staff.

PETERBOROUGH MOTORS

A notable achievement

Extracts from the accounts and statement by the Chairman, Mr. G. Read:

- The results for the year are more than satisfactory with group turnover in excess of £8,760,000 compared with £7,400,000. The profit before tax amounted to £444,858 against £356,237 and the total dividend for the year of 1.83p per share compares with 1.76p last year.
- Our Agricultural and Industrial Equipment companies contributed £206,601 to the pre-tax profit, the Motor Vehicles group £165,036, our Road Transport company £31,824 and the Finance division £41,397.
- The Group continues an aggressive policy of expansion and during the past year has spent £85,000 on new buildings and extensions. Our enterprise is commited to £84,000 capital expenditure during the current year and has adequate resources to meet all its commitments in the immediate future.

MINING NEWS

Western Mining takes a cautious line

BY LESLIE PARKER, MINING EDITOR

LAST MARCH the comment here on Western Mining's half-year results was that they presented a mixed bag with a cautionary signal for the second half. In the event this has proved to be somewhat of a understatement. The higher first half profit has been denuded by the second half earnings.

More importantly from the shareholders' and market viewpoint, the company has thought fit to reduce its half-yearly dividend rate from 4 to 2½ cents, the first decline in what has been a generally slow rate of growth since the Kambalda nickel mine came into production in 1967.

The 2 per cent. fall to £14.3m. in profits, our Sydney correspondent reports, was despite a 20 per cent lift in sales to $131m. owing to price increases and devaluation of the Australian dollar against the American dollar.

Hitting the results were higher tax, the inevitable sharp increases in costs and a rise in amortisation and depreciation charges including for the first time those for the Windarra nickel project in which Poseidon has a half interest.

The dividend reduction decision is blamed on the depressed demand for nickel in the first half of 1975 which resulted in a lower than expected profit and on the fact that the "adverse market conditions are continuing." Yesterday Western Mining reflected the results with a drop of 5p to 148p.

WRITE-DOWN FOR ALLSTATE

Australia's Allstate Explorations, one of the many stars of the great nickel boom days, now proposes to reduce its capital by writing off the uncalled 15 cents on the company's 6.84m. contributing shares, thus reducing them to a nominal amount of 10 cents apiece.

If the shareholders agree, it is additionally proposed that the resultant 10 cent shares should be consolidated into their original form of 25 cent shares. A net loss of $0.22m. is reported for the year to June against $0.31m. for 1973-74. In London Allstate shares are quoted at around 5p.

A sad story from Zambia

THE SAD STORY of low metal prices coupled with rising costs in Zambia's hard-pressed copper-lead-zinc mining industry is taken a chapter further in the June quarterly report of Nchanga Consolidated Copper Mines, the company which is 51 per cent. owned by the Zambian government and 49 per cent. by Zambia Copper Investments.

Nchanga has made a net loss of K8.5m. (£6.27m.), in the past quarter compared with a profit of K5.4m. in the previous three months when there was a K4.9m. tax recoupment. For the 12 months to March 31 last net profits amounted to K58.5m. compared with K113.2m. in prosperous 1973-74.

During the past quarter Nchanga received K802 (£591) per tonne for its copper, sales of which increased slightly while those of the less important lead and zinc were halved compared with the previous three months. The outlook for the current quarter remains bleak in view of the severe transport problem for copper exports which has followed the loss of the important route via war-stricken Angola.

June quarter results of ZCI, which also holds 12.25 per cent. of the other suffering Zambian copper producer, Roan Consolidated Mines, show a loss of $U.S.54,000 which leaves a profit for the year to June 30 of $15.7m. (£7.4m.) compared with $54.1m. in the previous year.

The past year's dividend total of ZCI consists of the interim of 4 cents (1.9p) compared with a year's total of 40 cents for 1973-74; as already reported, the company has had to omit a final for the past year because it has not yet received exchange control permission to remit the necessary funds from Zambia. The shares were 53p in London yesterday.

NBH drill hits more rich ore

OUTSTANDING VALUES have been obtained in the further drilling of underground borehole No. 2092 at North Broken Hill's ML 44 lease at depth in the No. 3 shaft area. The drill has now cut a massive 37.3 metres (122.4 feet) of mineralisation with rich metal grades averaging 26.2 per cent. lead, 21.2 per cent. zinc and 459 grams of silver per tonne.

This result includes the stretch of 8 metres grading 19.7 per cent. lead and 4 per cent. zinc which was reported here on Wednesday. Drilling is to be continued by the Australian company in order to obtain additional structural information it is stated.

The importance of this drill lies in the hope that it has found the so far elusive addition to the known line of lode. The drilling programme was started from the mine's 36 level at a depth of 1,540 metres (5,052 feet) below surface. The company pointed out in its last annual report that at such depths, mining would become difficult and expensive owing to extreme rock temperatures and abnormal rock pressures.

On the other hand, it would be well worth while if subsequent drilling encounters values anywhere near as rich as those now announced. Hoping that North Broken Hill has at last found its new orebody is Broken Hill Proprietary which is entitled to half any net working profits obtained from this lease area.

Meanwhile, sharply higher costs are reflected in a fall in North Broken Hill's net profit for the year to June 30 to $9.75m. (£5.92m.) from $10.19m. in 1973-74. The dividend total is maintained with a final of 5.5 cents making 9 cents (5.46p). The shares rose 8p to 138p yesterday while those of Broken Hill Proprietary gained 10p to 685p.

BIDS AND DEALS

Revised terms give Spirella control of Vantona

Spirella announced last night that it has won control of Vantona. The new group to be formed from the merger will be one of the largest household textile manufacturers in Europe, with a turnover of some £70m. and more than 10,000 employees.

Spirella's success came after it had issued a slightly revised offer which, at yesterday's prices, amounts to 48.3p per Vantona share as opposed to the original 46p.

The bid, which is worth about £5m. has been fiercely contested by the majority of the Vantona Board, although a minority has all along backed Spirella. Mr. H. C. Pilkington, chairman of Vantona, and the other directors opposing the bid, have now agreed to support it and accept in respect of their 14 per cent. holding.

This, with other acceptances and promises of acceptances, means that Spirella now has 64.7 per cent. of Vantona. It would have had 50.1 per cent. even without the Pilkington group's stake.

The additional 9.8 per cent. Spirella has obtained since it last revealed its stake followed negotiations with a number of institutions holding Vantona stock. They had not been entirely happy with the terms of the original offer.

It remains to be seen what relationship Spirella will want to have with Mr. Pilkington. It was announced yesterday that he has resigned as chairman and managing director of Brigray, in which Vantona has a 25 per cent. interest.

Precise terms of the deal are—Vantona shareholders will now receive 39.5 per cent. of a new Spirella share compared with 33 per cent. under the original offer—the accompanying 33.3p convertible or cash offer is unchanged. Thus for every 200 Vantona holders will get 79 new Spirella Ordinary shares and either £66.6 worth of convertible or that amount in cash. Assuming that all the convertible is converted, the ultimate equity stake of Vantona in the combined group could now be 55.3 per cent., compared with 52.9 per cent. in the original offer.

CREST SELLS MORE ASHBOURNE

Crest International Securities, having already ignored a Takeover Panel request not to reduce its 12 per cent. stake in Ashbourne Investments by selling 5 per cent. of the equity, has now sold a further 1.6 per cent. of its Ashbourne holding to the same purchaser.

Previously, Crest asked, but did not get, permission from the Panel for such a move. This time, while the Panel was informed in advance of the further sale, no permission was sought. Mr. B. Simmons, a Crest director, stressed yesterday: "We are seeking to run the company in its best interests, but we are not at the same time trying to demolish the Panel as some people may think."

Crest has argued that by selling the shares in Ashbourne the holding of Crest and associates has fallen below 30 per cent. and that its obligation—long disputed with the Panel—to bid for outstanding Ashbourne shares, no longer remains in force.

A spokesman for the Panel confirmed that the sale did not have the approval of the Panel Executive and that it would have to go before the full Panel for consideration.

Meanwhile, the Panel is also in touch with the people behind a company called Topview Limited—recently incorporated, which is the purchaser of Crest's holding in Ashbourne.

It seems that if it receives offers, Crest is prepared to sell further shares. The price for the latest stake was 15p a share, which compares with 10p for the first sale.

WEIDMANN—WHITELEY

A proposal by the Swiss company, H. Weidmann AG, to acquire and consolidate in a U.K. subsidiary certain holdings totalling 33.4 per cent. of B. S. and W. Whiteley, the U.K. electrical insulating pressboard group, has been cleared by the Monopolies Commission.

However, it is nonetheless recognised that a monopoly in manufacture of pre-compressed transformer board will result—although it is not felt it will work against the public interest—and, while having been given certain assurances from Weidmann, the Office of Fair Trading plans to keep a watching brief on the situation and "will be prepared to make a further reference to the Commission, on monopoly grounds, should this at any stage seem necessary."

The question which now arises is what the Takeover Panel will do. A Panel spokesman, pointing out that the consolidation of the holdings had not yet taken place, nonetheless said that if a 33.4 per cent. stake was created "there is a prima facie case for a bid. We are now looking at the situation."

INMONT LIFTS STAKE IN PORVAIR

Another 250,000 Ordinary shares in Porvair have been purchased by Inmont to raise Inmont Corporation's holding in the company to 76.65 per cent.

Permission has been given for the parent to acquire a further 150,000 shares in the open market, when Inmont will then hold 77.6 per cent. of the share capital. Bank of England permission has also been received for the allotment to Inmont Corporation of the further 2.3m. shares to which it is entitled under its option agreement.

Exercise of this option and the allotment will give Inmont Corporation a holding of 80.4 per cent. in Porvair.

ASSOCIATES DEALS

N. M. Rothschild and Sons announces that Spirella Group has bought a further 78,750 Vantona at 43½p.

Hedderwick Stirling Grumbar bought 5,000 "A" Ordinary Land and General Developments on behalf of Somerston Shipping at 17p.

IOM ASSOCIATED IN TALKS

Isle of Man Associated Investment announces that discussions are taking place which may result in an offer being made to acquire the capital of Manx and Overseas Investment Trust.

VAVASSEUR

J. H. Vavasseur's excursion into South Africa has been finally terminated — holders voted to approve the acquisition of Vavasseur South Africa by the wholesaling group Woolfsons. VAVSA shareholders will now have to opt either for a combined Ordinary and Preference share offer worth 264c with Woolfsons at 600c or for cash of 217c.

The U.K. parent, holding 48.5 per cent., or 1.8m., of the VAVSA Ordinary shares, has already indicated it will take cash and so is due to receive the equivalent of R3.7m., payable in two instalments in September and December.

GORDON JOHNSON—STEPHENS

Gordon Johnson-Stephens (Holdings) has acquired 7 per cent. of the issued Common capital of Gordon Johnson Industries of Kansas City. With the exception of North America, Gordon Johnson-Stephens holds the world wide manufacturing and franchise rights over Gordon Johnson equipment for the poultry trade. The North American rights are held by the Kansas City Company.

SMITHFIELD & ZWANENBERG

S. and W. Berisford, the food group, is to make an offer to acquire the 400,000 3.85 per cent. (formerly 5½ per cent.) Preference shares of 50p of its wholly-owned subsidiary Smithfield and Zwanenberg Group on the basis of 27p cash plus accrued dividend per share. Certain major shareholders have indicated it is their present intention to accept.

NET BID RESULT

The offers made on behalf of William Mallinson and Denny Mott for the Ordinary and Preference share capital of NET not already owned have become unconditional and remain open until further notice. Acceptances have been received in respect of 3,594,241 Ordinary shares, which with 65,000 owned at the date of the offer, represents approximately 92.1 per cent. of the Ordinary capital. The offer for the 5.25 per cent. Preference 1984-89 has been accepted in respect of 266,365 shares (84.6 per cent.).

LEIGH MILLS

Further to the announcement last February, the total consideration paid by Leigh Mills for the acquisition of the textile interests of Smith Renton was £210,167—£20,000 for goodwill and a certified figure of stock of £176,081, plus VAT of £14,086.

NO PROBE

The proposed merger between Stone Platt and Ernest Scragg and Sons is not to be referred to the Monopolies Commission.

SHARE STAKES

Slater Walker Securities and its subsidiaries, together with invest trusts, unit trusts and fully discretionary clients under their management, now have interests in Haden Carrier of 902,500 Ordinary (11.65 per cent.) and in Estates House Invest Trust 2,490,165 Ordinary (12.17 per cent.). Neither constitutes a disclosure under the Company's Act.

Mr. G. R. F. Tompkins has acquired a further 600 Ordinary in Stoneware.

ZAMBIA COPPER INVESTMENTS LIMITED (ZCI)

(Incorporated in Bermuda)

REPORT FOR THE QUARTER ENDED 30th JUNE, 1975

(Covering mining company operations for quarter ended 31st March 1975)

ESTIMATED CONSOLIDATED PROFIT OF ZCI FOR QUARTER ENDED 30TH JUNE 1975 (1974 UNCONSOLIDATED)

		Quarter Ended 30th June 1975 U.S.$ 000's		Year Ended 30th June 1975 U.S.$ 000's	Year Ended 30th June 1974 U.S.$ 000's
Dividends received or accrued from Nchanga Consolidated Copper Mines Limited		—		10 332	42 413
Roan Consolidated Mines Limited		—		2 772	7 986
Other		1		4	4
Interest receivable and other revenue, less provision for expenses and foreign tax		189		2 802	4 451
		190		15 910	54 854
Add: Adjustments arising from changes in currency exchange rates	27		27		
Less: Transfer to currency reserve	27	—	27	—	—
		190		15 910	54 854
Less: Amount written off investment in prospecting companies		244		244	798
		(54)		15 666	54 056
Dividends Declared					
Amount		Nil		4 902	49 024
Per Share		Nil		4 (U.S. Cents)	40 (U.S. Cents)

Notes:

(A) No dividends were declared by NCCM or RCM for the quarter ended 31st March, 1975.

(B) The attention of members is directed to the announcement published in the press on 18th August, 1975 referring to the dividends totalling US Dollars 10 332 000 declared by NCCM on the "B" shares held by the company for the quarters ended 30th June, 1974 and 30th September 1974.

In terms of Zambian Exchange Control Regulations these funds had been held for the company's account in Kwacha in Zambia and were due to the externalised after approval of the annual accounts of NCCM for the year ended 31st March, 1975.

Approval for the externalisation of these funds was duly requested from the Zambian Exchange Control Authorities in terms of the above regulations. However the authorities were not able to grant this approval or to indicate when it might be forthcoming, and consequently it was necessary for the final dividend for the company's year to 30th June to be passed. As and when these funds are externalised the company will give immediate consideration to the declaration of an interim dividend, out of retained profits carried forward, for the year to 30th June, 1976.

ZCI has a 49 per cent interest in Nchanga Consolidated Copper Mines Limited (NCCM) and a 12.25 per cent interest in Roan Consolidated Mines Limited (RCM). The estimated results of NCCM and RCM for the quarter ended 31st March, 1975 are as follows:—

NCCM

	Quarter Ended 31st March 1975	Year Ended 31st March 1975
Production (metric tons)		
Finished copper	99 375	408 666
Lead and zinc†	17 771	79 506
Sales (metric tons)		
Copper	101 116	396 180
Lead and zinc†	22 206	75 930
Average copper proceeds (per metric ton)	K842	K1 087
Sales revenue—all metals	K98 000 000	K479 400 000
Net profit after taxation	K5 400 000	K58 800 000
Appropriations—		
Capital expenditure	K7 600 000	K39 600 000
Dividends (see note (a))	Nil	K17 000 000

† Broken Hill division.

RCM

	Quarter Ended 31st March 1975	Nine Months Ended 31st March 1975
Finished copper produced (metric tons)	71 886	220 077
Copper sales (metric tons)	71 394	218 063
Average proceeds (per metric ton)	K827	K964
Sales revenue—all metals	K60 418 000	K207 104 000
Net profit after taxation	K4 006 000	K26 426 000
Appropriations—		
Capital expenditure	*	*
Dividends (see note (a))	Nil	Nil

* Not available.

By Order of the Board
Z. J. De Beer, G. W. H. Relly } Directors

Pembroke, Bermuda.
27th August, 1975.

U.K. Registrars:
Charter Consolidated Limited,
P.O. Box 102,
Charter House, Park Street,
Ashford, Kent,
TN24 8EQ.

South African Registrars:
Consolidated Share Registrars Limited,
62, Marshall Street,
Johannesburg 2001,
(P.O. Box 61051, Marshalltown 2107),
Transvaal, South Africa.

Registered Office:
Belvedere Building,
Pitts Bay Road,
Pembroke,
(P.O. Box 650 Hamilton 5),
Bermuda.

Recession threat to Hoechst dividend

BY GUY HAWTIN

FRANKFURT, August 28.

THE EFFECTS of declining demand, rising costs and under-utilisation of capacity have bitten deep into Hoechst's profits during the first half of the current year. If, as seems likely, there is no great improvement in the second half, it is hard to believe that the group will be able to maintain last year's 18 per cent. dividend for 1975.

Shareholders in this leading West German chemicals group were told early in June that an 18 per cent. dividend was "still theoretically realisable" despite a substantial decline in turnover. But to-day the group published an interim report showing that pre-tax profits, for both the group and the German parent, have been virtually halved.

Both demand and production were low in the first half, says the report, adding that the opening weeks of the second half have shown no improvement. It warns that second half results are also likely to prove unsatisfactory despite the continuing *implementation of counter-measures.*

Group world turnover in the first half year totalled DM9.89bn., compared with DM9.93bn. in the same period of 1974. Against a 1974 half year average turnover of DM10.1bn., the performance in the opening six months of the current year is down by 2.1 per cent.

In group terms the greatest weakness has come in the domestic market. Turnover dropped from DM3.66bn. in the same period of 1974 to DM3.47bn.—a decline, on the basis of a 1974 half-year average, of 6.3 per cent.

Overseas demand, though down, was in group terms by no means as weak. It rose from the first half of 1974's DM6.32bn. to DM6.42bn. and showed, on a 1974 half yearly average basis, an increase of 0.3 per cent.

Group pre-tax profits, however, were severely slashed. They fell from DM950m. in the first six months of 1974 to DM460m. On the 1974 half yearly average basis the fall is rather less steep, but it still shows a 47.4 per cent. decline. In percentage turnover terms, the 1975 first half figures fell to 4.7 per cent. from first *half 1974's 9.5 per cent. and a* 1974 half yearly average of 8.7 per cent.

Hoechst AG, the German parent company, shows turnover down to DM4.14bn. against DM4.85bn. in the same period of last year and a 1974 half yearly average of DM4.83bn. On the half yearly average basis the decline is 14.3 per cent.

Domestic turnover fell on the half yearly average by 8.7 per cent. It was DM2.14bn. compared with DM2.39bn. in the same period of 1974. Overseas business, however, fell even more steeply—by a half yearly average of 19.6 per cent. Turnover totalled just under DM2bn after DM2.46bn. in the first half of last year and the proportion of exports in total sales was down from the 1974 half yearly average of 51.5 per cent. to 48.3 per cent.

Pre-tax profits were also heavily cut. They were down from DM.510m. in the first six months of last year to DM.260m. Again, the *fall* was not quite so steep on a 1974 half-yearly average but *still off* by 45.4 per cent.

Personnel costs, not including pension contributions, were up 10.2 per cent. against first half 1974. They rose from DM.1.08bn. to DM.1.19bn. At the same time the work force remained virtually unchanged at 66,012.

Hoechst is by no means alone in *its trouble. In fact it appears* to be doing somewhat better than the average in the industry and at least it remains in profit. However the interim statement *points out that in certain key* sectors—including fibres, plastics, paints, synthetic resins and varnish—plant is running at only between 50 and 60 per cent. of capacity.

As a result of this under-utilisation of capacity, there is likely to be further short-time working, comments the report. Already some 15,000 of the German workforce is affected, while the Hoechst AG payroll has been trimmed in the first half by 1,422 workers or 2.1 per cent.

According to the report the group's capital investment will continue according to plan, but the air of mild optimism still apparent in June must, for the short-term, have evaporated. The concern—as Dr. Rolf Sammet, the chief executive, said in June—still appears to be "marching through the bottom of the valley."

Twin bid operation by Borel

PARIS, August 28.

JACQUES BOREL International has made a share offer to minority holders of its own 59 per cent. subsidiary, Cie des Hotels Jacques Borel SA (CHJB). This is in addition to its takeover bid for Sofitel, announced yesterday, chairman Jacques Borel told journalists.

The offer of one JBI share for 10 Sofitel shares is paralleled by an offer of one JBI share for five shares in CHJB and four Ordinary Frs.600 nominal JBI bonds for one convertible CHJB bond.

Borel said *that as a result of* the double operation, a maximum of 214,000 new JBI shares will be created, 157,000 by exchange for Sofitel shares and 57,000 in exchange for CHJB shares.

The capital of JBI will be raised to a maximum of Frs. 144.7m. from the present Frs. 123.3m. level and the two new 100 per cent.—if the offer is completely accepted — subsidiaries, Sofitel and CHJB, will merge and operate under the Sofitel trade mark.

The new shares created by the operation will not be valid until July 1, 1976, in order to avoid disturbing the Bourse, Borel said.

Borel said that a combined hotel subsidiary CHJB/Sofitel would have 25 hotels with 3,710 rooms, to be increased to 45 hotels with 7,000 rooms by end-*1978, creating 1,000 new jobs.*

He also announced an agreement signed with the Belgian Brewery Brasseries Artois, which is to buy 25,000 JBI shares on the Bourse *(1.7 per cent. of the* capitalisation), take a watchdog seat on the JBI Board and give up two Brussels restaurants to Ste Generale Belge de Restauration, JBI's Belgian *subsidiary.*

This follows the recent similar agreement with the Belgian chain GB-Inno-BM, which bought 20,000 JBI shares, and as a result of which Borel's Ste Generale Belge will change its name to Jacques Borel Belgie NV/Belgique.

JBI shares will be quoted on the *Brussels* and Antwerp Bourses from September 23, in Düsseldorf and Frankfurt from September 25 and in Amsterdam from October 2, subject to authorisation, Borel said.

He noted that 5 per cent. of the company's capital will be held by Benelux companies and institutional holders after the Artois purchases.

Reuter

Chori reported to be in financial difficulties

BY CHARLES SMITH

TOKYO, August 28.

CHORI COMPANY, one of Japan's top 15 trading concerns *with special interest in textiles* and real estate, was reported to-day to have requested a suspension of interest payments on its loans from four major banks. The reports, from the Osaka correspondents of two major daily newspapers, could not be immediately confirmed, but the company is known to have had financial difficulties earlier this year. The total amount of interest payments due on an annual basis is put at some Y20bn. Chori's main bankers are Dai-Ichi Kangyo Bank, Fuji Bank, Sanwa Bank and Mitsubishi Trust and Banking Corporation. The banks were said to have agreed to suspension of part of the interest payments due to them.

News of Chori's difficulties coincided with a formal application for protection under Japan's corporate rehabilitation law by Kohjin Company, the textile and real estate group whose collapse shook the Japanese banking community and the Government earlier *this week. Kohjin still* hopes to save itself by liquidating its loss making real estate section. But the company's chances of recovery are not rated highly. The Kohjin parent company's debts are estimated at roughly double its annual sales.

Kohjin was refused additional loans by its three main banks *early this week and was thus* forced to seek protection under the rehabilitation law.

Mitsubishi details its exposure to Kohjin

TOKYO, August 28.

Mitsubishi Corporation, a large trading concern, said on Thursday that its exposure to Kohjin Company and its subsidiaries totals Y10.2bn.

Mr. Takematsu Katoh, Managing director in charge of finance and accounting, said that the outstanding total of Mitsubishi's receivables from Kohjin itself is Y6.7bn., Y5.5bn. of which is secured by collateral.

He said half of the remaining Y1.2bn. will be provided for under *doubtful receivables* during the six-month accounting period ending September.

"This is not a considerable sum when considered against the *total scale of Mitsubishi Corporation's* finances and it poses no problem at all," Mr. Katoh said.

He said that Mitsubishi's outstanding receivables from Kohjin's subsidiaries total Y3.5bn., Y2.6bn. of which is secured by collateral.

Mr. Katoh said that while Mitsubishi's sales may decline somewhat in the year ending March *1976 as a result of the prolonged* global recession, the group expects earnings "to show a slightly stronger tone."

The director attributed the *relatively favourable profit outlook* to a lighter interest burden as a result of falling interest rates in Japan, to a slowdown in labour cost increases, and to increasing *returns from overseas direct investments.*

AP-DJ

Growth in Tiger Oats profits

JOHANNESBURG, August 28.

TIGER OATS, the South African food and fishmeal group, raised *turnover from R120m. to R154m.* during the six months ended June 30 and saw an appreciable advance in pre-tax profits from R8m. to R10.2m. Earnings per *share were up from 46c to 59c* for the holding company and the interim dividend was 1c better at 18.5c.

Results for the associated Oceana group, embracing the fishing companies United Oceana, Lamberts Bay and Sea Products (SWA) added attributable net income unchanged at R1m. to the Tiger results, for total Tiger group earnings of 68c against 59c, while undistributed profits of other associates in which more than 30 per cent. is held would have raised the total to 71c.

The Board indicates that trading conditions are favourable, and the solid base in foodstuffs suggests that its optimism is well founded. A rise in earnings to 140c for the full year looks probable, against the annualised level *of* 116c for the previous 18 months accounting period.

Market opinion favours a rise in the final dividend to about 23.5c for a total of 42c, which would maintain dividend cover at 3.25 times on the projected earnings and put the shares on a yield of 6 per cent. There could *be an added kicker in any* recovery in fishmeal prices, now bumping along at about half last year's average level.

Union joins Winns bid battle

BY JAMES FORTH

SYDNEY, August 28.

THE TAKEOVER battle for Sydney-based retailer Winns intensified to-day when the major union involved announced that it had begun buying shares *on the market to thwart the* bidder, Winthrop Investments. The move by the union follows similar action by several hundred Winns employees who formed a fighting fund and have also been buying on the market.

Winthrop, which had built up a holding of about 15 per cent. *of Winns capital, made a bid of* $A1.10 a share cash after Winns announced it was paying $A3.4m. cash to buy six retail stores from the large, diversified group *Burns and Philp and Co.*

Winthrop obtained a court injunction blocking Winns from completing the deal, which also involved the issue of Winns shares to Burns *Philp*—thus watering down the bidder's equity. However, Winns has called an extra-ordinary meeting for September 10 to seek *shareholders' approval* to buy the stores.

Winthrop is keen to obtain Winns to provide a New South Wales outlet for a softgoods retail chain, Treasureways, in which it has a direct interest. There have been suggestions that the large retail group Waltons is behind the Winthrop *offer. Waltons denies this but* admits that it could be interested *in buying some of the Winns* stores.

In the past two days there has been heavy turnover in Winns shares on the market. The staff *are known to have bought a few* and now the unions are buying. It is also strongly suggested that Burns Philp has been buying. More than 400,000 shares have changed hands on and off the *market* in the past two days.

Explaining the union stance, Mr. Barry Egan, secretary of the Australian Workers Union and National Secretary of the Shop Assistants Union, said that his union would not tolerate a takeover which threatened the employment of permanent shop assistants.

The AWU had received a flood of calls from employees in the industry who were "completely appalled" at the disregard of employees' interest. The AWU *had bought a large parcel of* shares and was encouraging its members to buy.

Under the influence of the heavy buying, the price of Winns jumped at one stage to $A1.31 *and closed to-day at $A1.25,* well above Winthrop offer price.

Mr. Egan said that the union considered Winns one of the few remaining true service retail organisations in NSW. He supported the purchase of the stores from Burns, Philp.

A meeting of the union has been called for September 9, the day before the extra-ordinary meeting. Mr. Egan said that if necessary, the union would call upon its 92,000 members in NSW to buy 100 Winns shares each to protect their fellow unionists. *"This should be a clear warning* to company raiders that they must consult the trade union movement and consider the welfare of employees as well as *profits," said Mr. Egan.*

Optimism at Grinaker

By Richard Rolfe

JOHANNESBURG, August 28.

THE South African civil engineering group Grinaker Holdings *has reported taxed profits* up from R3.7m. to R4.3m. for the year ended June 30, giving earnings 12 cents better at 58 cents. The final dividend is raised two cents to 17 cents leaving the annual total similarly two cents to the good at 27 cents. Grinaker expects an advance in turnover in the current year, with work on hand standing at a higher level than a year ago, reflecting heavy capital expenditure at the gold mine and on projects such as the Sishen-Saldanha railway, for which it has a track-laying *contract.*

Over the past 12 months, Grinaker's market rating in Johannesburg has reflected sentiment about gold as much as about civil engineering, and the shares peaked at 480 cents last year.

The present level of 360 cents looks in line with the basic outlook for construction companies. Though the 7.5 per cent. yield is a point below the building sector average it looks justified by Grinaker's position in capital works and minimal exposure to *less favoured sectors such as* housebuilding.

German bank buys ASIAC notes

DUSSELDORF, August 28.

WESTDEUTSCHE Landesbank Girozentrale said that it has bought a further HK$50m. worth of capital notes of Hutchison International Group Unit ASIAC, Hong Kong, bringing its total up to HK$75m.

Option rights accruing to Westdeutsche in the merchant bank would, if exercised, give it a 75 *per cent. stake in ASIAC's share* capital, which would then rise to HK$100m. from the present HK$25m., the bank said.

A Westdeutsche spokesman declined to say when the bank intended to make use of its rights in ASIAC.

In Hong Kong, Asiac (Asian International Acceptances and Capital), said that two representatives of Westdeutsche Landes*bank will sit on the ASIAC* Board.

State aid for Daf Trucks

BY MICHAEL VAN OS

AMSTERDAM, August 28

DAF TRUCKS, the Dutch lorry manufacturer, has hit financial difficulties after suffering substantial losses last year, and again this year and it is now expected to receive state aid on conditions that the company is reorganised.

The Eindhoven-based company, in which the U.S. lorry manufacturer International Harvester has a one-third interest, said to-day that it had suffered a gross loss of Fls.17.2m. in the first half of this year after having suffered a Fls.15.7m. gross loss last year (net loss Fls.12.5m.). In view of *the unfavourable prospects, a* loss is also anticipated for the second half of the year, while the company would also suffer losses *in 1976 and 1977 if no special measures were taken on the* trucks side. The special products division is expected to show profits in those years.

Earlier this week, trade union officials had stressed that the lorry sales problems were of a cyclical nature and were only temporary. They would, therefore, not accept major redundancies.

The management of *Daf Truck* told the general staff council this afternoon that talks with the Economics Ministry and the management of International *Harvester would probably result* in some form of financial aid aimed at raising the Daf Trucks risk capital in the short term to safeguard the continuity of the company. The aid, according to the Economics' Ministry in the Hague could well take the shape *of a subordinated loan*—the size was not given—and there may be some rearrangement of the shareholding in Daf Truck.

The latter, if agreement is reached with all the parties involved, would mean that DSM, the state-owned Dutch chemical company, International Harvester and the Van Doorne family would each have an equal one-third stake in the new set-up.

The Daf Truck staff council was told in Eindhoven to-day that with the exclusion of certain types of lorries, total lorry orders received each week were still remaining behind production which had already been reduced to three days a week through *short-time working.*

The European lorry market was not showing any signs of a recovery. Even if the market improved somewhat in the second half of next year, next year's sales, at 10,000-11,000 units, would not exceed this year's production. From 1978 sales would be enhanced by major Dutch army lorry orders.

The Daf Truck management confirmed that there was a need to reduce staff and to cut production capacity, but the extent of the measures was subject to further study and consultation, it *was stressed.*

Mees staff goes for slice of bid action

BY MICHAEL VAN OS

AMSTERDAM, August 28.

THE STAFF of the Mees En Hope group, which is in the process of being taken over by Algemene Bank Nederland (ABN), has indicated that it should receive a cut of the take-over price which is around Fls.256m.

The Mees En Hope general staff council, which is backed by the trade unions, points out the considerable rise in the banking group's bourse price as a result of speculative stock purchases following the merger rumours.

The official terms are an exchange of Mees En Hope shares or depositary receipts, partly for ABN Ordinary and partly for convertible debentures.

There is a precedent in Holland for the Mees En Hope staff *demand. After the take-over of* Delta-Lloyd, the big Dutch insurance company, by Commercial Union of the U.K. at the end of 1973, the Delta management offered to distribute Fls.5m. to the staff. This was regarded as too low by the Delta staff and the distribution was later raised to over Fls.7m. The Delta-Lloyd bourse price had risen very steeply, partly as a result of an abortive counter-bid by Nationale-Nederlanden, Holland's largest insurance company.

Agreement near at Innocenti

By Rupert Cornwell

ROME, August 28.

BARRING A last-minute rejection on the shopfloor, a formula has been found to end, for the time being at least, the row between managements and unions over the cutbacks required to safeguard Innocenti, the troubled Italian subsidiary of British Leyland.

To-morrow morning the 4,500 workers at the company's Lambrate works near Milan will vote on a compromise three-month agreement elaborated at a series *of meetings here between the* two sides under the aegis of the labour minister Mario Toros.

The temporary solution, which has the backing of Innocenti managing director Mr. Percy Plant, and the conditional support of union representatives at the Rome talks, would involve virtually the entire workforce being put on partial rotating layoffs, supported by the government unemployment relief fund. Only between 170 and 200 men would be totally laid off and paid from the fund, instead of the 1,700 which the management was originally seeking.

However this solution, assuming it is ratified at Lambrate, is only a stopgap. When it expires in three months time, decisions will have to be taken over generating new business at Innocenti. If they are not, then the dispute will be back to square one, something that *the company*, losing at present up to L400,000 per vehicle built, can afford as little as anyone.

Strike hits Burmeister yard

BY HILARY BARNES

COPENHAGEN, August 28.

THE BURMEISTER and Wains shipyard, fighting to improve its financial position after a series of poor years which culminated with a Kr.142m. (about £10m.) loss in 1974, has been virtually paralysed by an unofficial strike of 200 workers this week.

The strikers have blockaded the entrance to the yard, cutting off deliveries of gas and thereby bringing welding to a halt.

The strike has persisted in spite of a labour court fine amounting to about Kr.580 (£46) per worker. The Employers Federation to-day asked the court to fine the union concerned as well for failing to make sufficient efforts to get the strikers back to work.

There is renewed speculation about the future of the yard, *with the financial newspaper* Boersen describing the action as suicidal in the current state of the world shipbuilding industry. But majority shareholder and group chief executive Jan Bonde Nielsen was quoted to-day as saying that the situation was under control and that he has never had any thought of closing the yard.

Mr. Nielsen had said earlier that he expected the yard to break even this year and to become profitable in 1976.

Mr. Leif Hartwell, chairman of the Employers Federation, com*plained to-day that the strike* and several other recent unofficial actions were damaging Denmark's reputation as a country of good labour relations.

The secretary to the labour court, Judge C. Ove Christensen, exasperated by the failure of workers to recognise the court's decisions, said to-day that he could *not understand why the* police were not asked to clear the strikers from the yard's entrance.

Maintained profits for Svenska Flakt

BY JOHN WALKER

STOCKHOLM, August 28

IN SPITE of a worsening in profitability during the first half of this year, Svenska Flakt, the Swedish industrial ventilation and air conditioning concern expects to show an unchanged profit level for the whole of 1975. Recently the company completed a heavy investment programme which should benefit sales and profits during the second half of this year, the company says in its six-month interim report.

Sales in the first six months of this year amounted to Kr.572m. (£62m.) compared with Kr.512m. in the same period of 1974. Costs rose from Kr.470m. in the first half of 1974 to Kr.540m. this year. The profit before appropriations and taxes amounted to Kr.19m. in the first half of this year compared with Kr.34m. in the same period of 1974. The order intake during the first half of this year amounted to Kr.952m. (£145m.) compared with Kr.892m. last year.

Slight rise in Hydro profits

BY FAY GJESTER

OSLO, August 28.

NORSK HYDRO, the Norwegian metals, chemicals and energy concern, reports profits before taxes and depreciation at Kr. 227m for the year ended June 30, 1975—Kr.5m. up on a year earlier.

Total sales in 1974-75 reached Kr.4.1bn. *(Kr.3.2bn. in 1973-74).* Operating profit also rose—to Kr.394m. from Kr.361m. The Board is recommending an unchanged dividend of 12 per cent.

Commenting on the figures, a spokesman for the concern said that the improvements on a year earlier were "satisfying, at a *time when Norwegian industry* generally has been going through a difficult period." He said that they were chiefly due to higher sales of Hydro's *traditional products, particularly* fertiliser, and reflected both increased production and higher prices. The annual report and detailed accounts are due to be published in mid-October.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	99½	100½
Ashland 8pc 1987	89½	90½
Austrasuiss 8pc 1987	87	88
BFCE 9pc 1989	98	99
Borregaard 8½pc 1989	92½	93½
Carrier 8pc 1987	88	89
Conoco 8pc 1986	95½	96½
Consol. Foods 7¾pc 1991	93½	94½
Cutler Hammer 8pc 1987	91	92
EIB 9½pc 1985	100½	101½
Esso 8pc 1986 Nov.	96½	97½
General Cable 8½pc 1987	88	89
General Motors 8¾pc 1986	102	103
GTE 9½pc 1986	97	98
ICI 7¾pc 1992	78	80
Nat. Grindlays 7½pc 1987	77	79
Prov. of Quebec 7¾pc 1986	84½	85½
Pac. Light 8pc 1986	87½	88½
Quebec Hydro 8½pc 1989	95½	96½
Queensland 8½pc 1987	86	87
Scanraff 8½pc 1988	96½	97½
Shell 8pc 1986	97½	98½
Standard Oil (Ind.) 8½pc '88	99	100
Tenneco 7¾pc 1987	85½	86½
Transocean 8pc 1986	97	98
TRW 8½pc 1986	96½	97½
Utah 8pc 1987	89½	90½
Volvo 9½pc 1985	99½	100½
NOTES		
Air France 9½pc 1982	101½	102½
Aus. Ind. Dv. Co. 10½pc '81	102½	103½
Barclays 7¾pc 1978	[illegible]	97½
Cie Natl. du Rhone 10pc '82	102½	103½
Du Pont 7½pc 1978	99	100
Esso 7¾pc 1978	99	100
General Motors 9½pc 1976	100½	101½
Marubeni 9½pc 1982	99½	100½
Nippon Fudosan 10½pc 1981	101½	102½
Skand. Enskilda 10½pc '81	103	104
Tenneco 7¾pc 1979	97½	98½
Tokyo Curacao 10½pc 1981	101½	102½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	80	82
Ashland 5pc 1988	74	76
Beatrice Foods 4½pc 1992	87	89
Beatrice Foods 4½pc 1992	92	94
Borden 5pc 1992	83	85
Broadway Hale 4½pc 1987	72	74
Canon Camera 7pc 1989	83	85
Carnation 4pc 1987	80	82
Chevron 5pc 1988	92	94
Dart 4¾pc 1987	79	81
Eastman Kodak 4½pc 1988	106	108
Economic Labs. 4½pc 1987	73	75
Eidai 7½pc 1989	85	87
Ford 6pc 1986	83	85
Ford 5pc 1988	70	72
Fuji 6½pc 1985	100	
General Electric 4¼pc 1987	82	84
Gillette 4¾pc 1987	70	73
Gould 5pc 1987	76	78
Halliburton 4¼pc 1987	123	125
Harris 5pc 1992	63	65
Hitachi 6¾pc 1984	100	
Honeywell 6pc 1986	70	72
ITT 4½pc 1987	67	69
Komatsu 7½pc 1990	105½	107
J. Ray McDermott 4¾pc '87	133	135
Mitsui 8½pc 1989	130	
J. P. Morgan 4¾pc 1987	107	109
Motorola 4½pc 1983	112	
Owens Illinois 4½pc 1987	86	88
J. C. Penney 4¼pc 1987	72	74
Pioneer 8½pc 1989	138	
Rand Selection 6½pc 1986	94	96
Rank 4½pc 1993	38	40
Revlon 4½pc 1987	94	96
Sperry Rand 4¼pc 1987	88	90
Squibb 4½pc 1987	76	78
Toshiba 6½pc 1990	102	104
Union Carbide 4½pc 1982	104½	106½
Warner Lambert 4½pc 1987	94	96
Warner Lambert 4½pc 1988	74	76
Xerox 5pc 1988	69	71

Source: Kidder, Peabody Securities.

The Property Market

BY JOHN TRAFFORD

Investment interest in tenanted farmland

AT long last, we may well have reached the bottom of the investment market in industrial land. The January-June Farmland Market report, published last week admittedly showed a 4.6 per cent. drop in overall farmland prices compared with the second half of 1974 but the publication encouragingly noted a strong upward movement in the final two months—May and June—of the period under review.

It was during this period that the major deals recently reported were taking place, the most notable being Eagle Star's £4m. purchase of the late Lord Rank's 10,000 acre Sutton Manor Estate in Hampshire, the Guardian Royal Exchange's £3.2m. purchase of the 7,254 acre Nocton Estate in Lincolnshire and Commercial Union's purchase for £4.5m. of the 13,540 acre Panmure Estate on Tayside in eastern Scotland.

Since then, thanks perhaps to the holiday period, there has been little news but that does not indicate a dearth of investment interest. If anything the reverse applies and reports reaching this office suggest that a number of big and medium sized institutions and merchant banks are currently studying the market closely to see when they should start to move in.

Sentiment is clearly of the utmost importance for, once the fund managers are convinced that the market is turning up and that yields are likely to fall, they will want to jump in quickly at the head of the queue.

The point of particular interest is tenanted estates. In recent months this has been an exceptionally weak sector and land prices have often stood at a heavy discount to the price obtainable for land with vacant possession. It has even been found for tenanted land to sell at £300 an acre close to land with vacant possession which is selling at over double that figure.

At present tenanted land is very much under a cloud because the owners of estates are going to suffer very severely from Capital Transfer Tax (only "working farmers" will get some tax relief). The incidence of the tax will be so severe as to cause the forced sale of good, tenanted agricultural land if the landowner cannot lay his hands on other assets to meet the tax charge. Under these circumstances, the natural home for much of the tenanted land seems to be the institutions. Once under their ownership CTT can do no further damage, the land stands the chance of being provided with sufficient funds to keep it efficiently farmed and the institutions are assured of an asset which, whatever the vagaries of the market place, is part of an ever-diminishing stock.

At the height of the farmland boom in 1973, institutions were buying at yields of under 2 per cent. At the present time some good farming land can be bought at a yield of 5 to 6 per cent. for large estates of more than 1,000 acres. Just how long such relatively high yields will last is going to be one of the more interesting pointers on the investment front to watch in the autumn season.

In the view of Farmaland Market (which is published jointly by Estates Gazette and Farmers' Weekly) the farmland market should now enjoy a period of "steady but not spectacular growth." The journal rightly warns that values will be closely tied to agricultural prosperity.

Vade mecum for Sweden

ANYONE interested in development in Sweden or thinking of investing in Swedish commercial property should get hold of a copy of an excellent 49-page report just published by Chestertons, the only British agent active in the commercial property sector there.

The report, comfortingly, does not assume much knowledge on the part of the reader. Freeholds and leaseholds are explained together with the tax laws and methods of financing investments. The agents estimate that Stockholm office rentals range from S.Kr.350 to S.Kr.500 a square metre (£3.60 to £5.10 a square foot) and provincial offices from S.Kr.175 to S.Kr 350 a square metre (£1.80 to £3.60 a square foot).

Industrial rents also mirror the British provincial levels, ranging from S.Kr.100 to S.Kr.175 a square metre (£1.00 to £1.80 a square foot). Shopping rents are more varied but in central Malmo they range from S.Kr.300 to S.Kr.500 a square metre (£3.10 to £5.15 a square foot).

As with much of Continental Europe, occupational leases are indexed (there are various index clauses but all are linked with the same index) and there is a provision to adjust the rent to market value at the break in the lease, usually after five or ten years.

Perhaps those who will get most from the report are people concerned with planning. This is what Chestertons has to say: "Town planning is based upon the zoned town map and one has a right to construct property in accordance with this document. The plan shows not only use but also light and building lines so an owner has a fairly shrewd idea of the amount of space that can be built. The map is meant to be redrawn every seven to ten years. Plans for building development are discussed with the local authority and only one consent is required. To give an example of the timing involved, it would probably take about 18 months from the initial planning inquiry to completion of the building contract to erect a 2,000 square metre office block."

There could be few clearer indications of why British business is slow-moving and unadventurous. Sweden, with a strong socialist tradition, still takes care not to hamper investment decisions with unnecessary red tape, a product which is seemingly much loved by Whitehall and local councils.

Office building costs are high in Sweden, amounting to around S.Kr.2,000 a square metre including contractor's architect's fee in Stockholm and S.Kr.1,850 a square metre in the provinces. At this level, it is impossible to construct new offices in the provinces and get a reasonable return on current provincial rents. The agents conclude that office rentals, especially in the provinces, are likely to rise by 30 to 40 per cent. over the next few years "in order to compensate for the present high costs involved in construction." A number of British developers who pressed ahead with speculative schemes using that line of argument know how false it can be: it is, after all, the supply/demand balance and not building costs that have a direct effect on rentals even if high building costs can eventually dry up the supply.

The final two-thirds of the report are devoted to a survey of plans, and the office, shop and industrial property scene in the three leading cities—Stockholm, Gothenborg and Malmo—complete with photographs and examples of recent asking rents.

A report on the Commercial Property Market in Sweden, August, 1975, Chestertons, 9, Wood Street, London EC2V 7AR.

Reality at last

CHAMBERLAIN and Willows have their friends among the other agents. Following my note last month on the confused pattern of industrial rents, Mr. Allan Hertz of Conrad Ritblat has written at length confirming the Chamberlain and Willows view of the present situation. He finds, like them, plenty of evidence that there is a strong demand for industrial property in the 5-15,000 square foot range which he thinks remarkable in view of the current economic and political climate.

He goes on: "Rental values that should have been achieved are now being achieved whereas developers and speculators, who created industrial estates purely based on hypothetical rental levels, are now having to adjust these rents down to the market norm—which is different from saying that rental values have reduced."

In Mr. Hertz's view, if new buildings are not erected shortly, the continuing demand for industrial property is bound to lead to a rise in rental levels.

Community Land band waggon

OUR leading firms of surveyors have recently been stressing the comprehensive services they can offer local authorities who are weighed down by the prospects of the responsibility to become the major agencies for property development placed on them in the Community Land Bill. Local authorities' demand for consultancy services should certainly be a growth market in the present climate of budget cut-backs since it is impossible for councils to take on more permanent staff to handle their new role; on the other hand they will be able to pay outsiders for professional help.

The latest firm to climb on to this particular band waggon is the Bois Waters Cohen Partnership, a 17-man consultancy comprising planners, architects, development analysts and valuers which was formed in 1971. The company yesterday launched a Community Land Consultancy, a package deal designed to provide the necessary help to local authorities.

Brian Waters, one of the partners, explains that the firm's selling points include the fact that many of the staff have themselves been local government officers and so know the score from the inside. The company, he says, is very project management orientated and can offer the integrated skills of a multi-disciplined staff. In theory, Richard Ellis, which has its own architects' department ought to be able to match the Bois Waters Cohen package but Waters feels that his own company integrates its architects more fully into the work of its other specialists.

The Community Land Consultancy is separated into four stages: a review of objectives, the formation of a land acquisition and management scheme, a review of resources and commitments and finally the preparation of detailed procedures and job descriptions for staff.

Faced with a barrage of offers to provide helpful but doubtless expensive advice, one of the big problems for local authorities will be to choose the organisations that really can deliver the right professional services at a reasonable price.

A reversion in Princes Street

IN ONE of the rare reversionary investment deals done in recent months, Barclays Bank Trust Company has bought the heritable interest in a prime shop in Edinburgh for £270,000. The shop, a small corner unit at 78 Princes Street with a long return frontage on the less important Hanover Street, is occupied by Collingwoods, the County Jewellers, at a rental substantially below current levels for Princes Street, one of the prime shopping streets in the United Kingdom.

Terms were agreed in the spring when the investment market was rather less buoyant but even so there were a number of institutional buyers interested in the property. The reason is obvious enough: there are very few shops—less than half a dozen, perhaps—in Princes Street that are not yet owned by institutions so, when one of them comes on to the market, the competition is fierce.

The interest in the deal must surround the differential between the actual and current market rental value for the property and the date of the review period. But Barclays Bank Trust Company, who agreed to announce the deal, stop short of providing this information and so filling out the rather scanty information at present available about reversionary investment deals.

The vendors, United Kingdom Property Company, were advised by Knight Frank and Rutley and Portman Estates. Barclays Bank Trust Company were advised by Hillier Parker May and Rowden and Barclaytrust Property Management.

OUT AND ABOUT

● Midland Bank Trust Company is paying close to £5 a square foot for the 6,000 square foot renovated Regency office building Hanover House in Mount Ephraim Road, Tunbridge Wells. This is thought to be the highest level achieved in the town. The restoration was carried out by R. Gray Developments and financed by the Merchant Investors Property Bond, advised by Richard Ellis. Project managers were Ray Russell and Company. The developer's agents, Ratcliffes, were jointly reinstructed with the vendor's agents, Bracketts of Tunbridge Wells, upon the letting.

● Lazard Property Unit Trust has paid £275,000 for supermarket development recently completed by Interland Estates in Bath Street, Ilkeston, Derbyshire. The property comprises 18,000 square foot of retail space, 6,000 square foot of ancillary storage space and a 70 vehicle car park. A preletting to Fine Fare has been arranged at a rental of £25,750 a year. Gordon Hudson acted on behalf of Interland in the acquisition, preletting and sale; Weatherall Green and Smith acted for the purchasers.

INDUSTRIAL AND BUSINESS PROPERTY

PROPERTY APPOINTMENTS

APPOINTMENTS

Changes on Vauxhall Motors Board

Mr. J. R. Hebden, Mr. L. W. Wright and Mr. H. M. Austin have resigned from the Board of VAUXHALL MOTORS and are returning to the U.S. Mr. R. A. White has been appointed to the Board as treasurer in succession to Mr. Hebden.
APPTS

★

AL-BANK AL-SAUDI AL-ALAMI (Saudi International Bank), a newly-formed international merchant bank, has made the following appointments to its Board. H. E. Sheikh Mohammed Abalkhail, Minister of State for Finance and National Economy of the Kingdom of Saudi Arabia, has been named chairman of the new Bank. Other members of the Board are H. E. Sheikh Khalid M. Algosaibi, vice-governor of the Saudi Arabian Monetary Agency; Dr. Mahsoun B. Jalal, vice-chairman and managing director of the Saudi Fund for Development; H. E. Sheikh Abdul Rahman Al Sheikh, deputy chairman, and managing director, Riyad Bank; Lord O'Brien of Lothbury, retired governor of the Bank of England; Sir John Prideaux, chairman of National Westminster Bank; Mr. John M. Meyer, Jr., retired chairman of Morgan Guaranty Trust Company of New York; and Mr. Edgar C. Felton, vice-president of Morgan Guaranty International Finance Corporation. An additional director from Saudi Arabia will be appointed at a later date.

At the meeting of the Board held in London, Mr. Felton was appointed executive director and chief executive officer. Other officers appointed at the first Board meeting were Mr. Kurt F. Viermetz, at present a vice-president of Morgan Guaranty International Finance Corporation, who was named general manager, and Mr. Cyril Palframan, at present a senior regional manager of the National Westminster Bank, who has become manager—operations division.

★

Mr. David Lock has been appointed a non-executive director of the CAVENDISH MEDICAL CENTRE, in London. He remains managing director of Private Patients Plan.

★

BRITISH GAS has made two new appointments in the purchasing and supplies department of its Economic Planning Division. Mr. J. R. Head becomes assistant director of purchasing and supplies, and Mr. A. G. Davis, marketing supplies officer.

★

Mr. L. R. Rolfe has been appointed a director of the PRACTICAL INVESTMENT CO. Mr. J. A. Caldecott, Mr. J. S. Fairbairn and Mr. W. A. T. Morecombe have resigned from the Board.

★

Mr. George Moss, formerly operations director of T. AND A. NAYLOR, has become managing director. Mr. John Draper, Mr. Roy Jackson and Mr. Eric Thomson become directors responsible respectively for export sales, production, and home sales.

★

Mr. R. F. Fryer has been appointed assistant general manager of LLOYDS BANK TRUST DIVISION.

★

HENRY COOKE LUMSDEN AND CO., stockbrokers, has appointed the following associated members to the Board: Mr. David H. Adams, Mr. Julian R. Grice, Mr. Clive S. Jones and Mr. Arthur K. Kirby.

★

Mr. R. W. Gray is to fill a deputy secretary post in the DEPARTMENT OF TRADE in succession to Mr. G. R. Denman, who, as already announced, is to succeed Sir Patrick Nairne as a second permanent secretary in the Cabinet Office. Mr. P. W. Ridley, on promotion to deputy secretary, has been appointed to a deputy secretary post in the Department of Industry in succession to Mr. Gray.

★

Mr. Justice Gibson has been appointed a Lord Justice of Appeal in Northern Ireland in succession to Lord Justice Curran, who is retiring on Monday.

★

Mr. Michael J. Smith has been appointed to the newly created position of sales and marketing director of AVERY LABEL SYSTEMS. He was previously with Dennison Copiers.

★

Mr. David Wilcox, managing director of Montgomerie Reid, has been appointed a director of LEADENHALL STERLING INVESTMENTS, the parent concern. Mr. Peter James has been made marketing director, and Mr. Tony Smith, financial director, on the Board of Montgomerie Reid.

★

Mr. Tony Bright has been appointed a director of TOMKINSONS (HOLDINGS).

★

Mr. Peter J. Maitland has resigned from the Boards of GLANVILL ENTHOVEN AND CO. and GLANVILL ENTHOVEN (OVERSEAS) to take up an appointment elsewhere.

★

Mr. J. L. Marden has been appointed a director of MERCANTILE BANK, a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation.

★

Mr. Michael C. Ashworth, who was appointed a non-executive director of Burrell and Co., chemical colour manufacturers, in February last, will become chairman as from September 1. He succeeds Mr. Peter Gibson, who will retire from executive duties and as chairman of Burrell from August 31, but who will remain on the Board as a non-executive director.

★

Mr. Richard Nicholson has been appointed to the Board of THE NATIONAL MUTUAL LIFE ASSURANCE SOCIETY.

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Mr. A. S. Balfour, at present chief executive officer, Enfield Highway Co-operative Society, has been appointed chief executive officer and secretary (designate) to the LONDON CO-OPERATIVE SOCIETY. He will be taking up his duties not later than January 1 and will assume full responsibility when Mr. Duncan McNab, the present chief executive officer and secretary of London Society, retires in July.

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Mr. R. K. McNeill has been appointed group managing director of BRITISH STEEL CONSTRUCTIONS (BIRMINGHAM). Mr. E. F. Goodwin has resigned as group chief executive.

Survey of trading profits shows rise of 13.4%

FINANCIAL TIMES REPORTER

THE TRADING profits of the 322 industrial companies covered by the latest Financial Times survey of company profits and balance-sheets rose by 13.4 per cent., compared with a rise of 48 per cent. reported in the previous survey which analysed 408 industrial companies out of a total of 535 concerns surveyed.

The latest table deals with the results of 431 companies whose account year ended in the period between January 15 and April 14 this year and which published their reports up to the end of July. In the corresponding period last year trading profits of some 303 industrial companies rose by 19.4 per cent.

Oil companies showed the sharpest rise in trading profits, with an increase of 72.4 per cent., while in the financial sector investment trusts registered a 57.5 per cent. gain.

The worst fall in trading profits was in the leisure sector where trading profits slumped by 79.5 per cent.

In commodities the greatest gains came from the tin companies with trading profits up 46 per cent.

Earnings for Ordinary dividend among the industrial companies were up only 0.05 per cent., although the amount paid increased by 6.8 per cent. on the previous survey. Among oil companies, however, earnings for Ordinary dividend jumped 72.8 per cent. with dividend payments up 22.2 per cent.

In the financial sector earnings for dividend were up a modest 7.6 per cent. with dividends a little higher at 8.6 per cent. The net return on capital employed for the industrial companies was 16.7 per cent., for the financial concerns 9.3 per cent., and for the commodities companies 15.1 per cent.

TREND OF INDUSTRIAL PROFITS
ANALYSIS OF 431 COMPANIES

The Financial Times gives below the table of company profits and balance-sheet analysis. This covers the results (with the preceding year's comparison in brackets) of 431 companies whose account year ended in the period between January 15, 1975, and April 14, 1975, which published their reports up to the end of July, 1975. (Figures in £000.)

INDUSTRY	No. of Cos.	Trading Profits (1)	% change	Profits before Int. & Tax (2)	Pre-Tax Profits (3)	Tax (4)	Earned for Ordinary Dividends (5)	% change	Ord. Dividends (6)	% change	Cash Flow (7)	Net Capital Employed (8)	Net Return on Capital (9)	Net Current Assets (10)
BUILDING MATERIALS	17	111,944 (131,796)	−15.1	78,639 (102,445)	62,368 (93,665)	36,834 (46,053)	25,334 (45,145)	−43.9	12,172 (11,685)	+4.2	48,161 (61,681)	580,114 (513,040)	13.3 (20.0)	151,262 (118,545)
CONTRACTING & CONSTRUCTION	12	16,542 (16,786)	+10.6	11,923 (12,506)	9,793 (10,676)	3,715 (4,860)	4,955 (5,684)	−12.8	1,521 (1,447)	+5.1	9,498 (9,551)	52,934 (49,291)	22.5 (25.4)	19,582 (17,820)
ELECTRICALS (EX ELECTRN. BOL.)	6	57,569 (57,155)	+0.6	51,421 (52,542)	42,975 (45,900)	19,998 (21,134)	21,948 (24,594)	−10.8	8,592 (8,179)	+5.0	28,211 (50,561)	400,252 (270,446)	12.8 (19.4)	171,223 (150,010)
ENGINEERING	48	126,157 (96,636)	+30.6	100,047 (75,838)	84,708 (64,545)	48,380 (32,552)	43,894 (31,445)	+39.6	13,061 (12,383)	−5.5	46,866 (36,711)	620,558 (447,050)	19.2 (17.0)	211,109 (186,702)
MACHINE TOOLS	2	19,148 (17,121)	+11.8	14,286 (12,563)	10,678 (9,864)	8,072 (5,070)	1,895 (4,271)	−55.6	1,522 (2,349)	−35.2	4,624 (5,975)	129,218 (105,354)	11.0 (11.9)	59,855 (51,264)
MISC. CAPITAL GOODS	5	35,616 (24,784)	+43.7	31,047 (22,172)	23,734 (19,358)	12,198 (9,209)	11,188 (10,072)	+11.1	2,284 (2,108)	+8.3	12,710 (10,058)	190,236 (123,746)	16.5 (17.9)	87,343 (58,110)
TOTAL CAPITAL GOODS	84	378,986 (354,276)	+7.0	285,363 (278,056)	234,256 (244,008)	147,195 (118,877)	109,214 (121,209)	−9.9	39,152 (38,151)	+2.6	150,070 (154,332)	1,873,312 (1,508,907)	15.2 (18.4)	710,572 (662,541)
ELECTRONICS RADIO & TV	5	55,722 (47,484)	+17.3	38,990 (34,216)	31,988 (29,174)	16,470 (15,071)	14,384 (13,035)	+10.3	3,696 (3,393)	+8.9	26,753 (22,522)	170,829 (136,210)	22.8 (25.1)	51,299 (55,005)
HOUSEHOLD GOODS	11	20,686 (19,646)	+5.3	16,242 (15,957)	12,781 (13,867)	6,718 (6,835)	5,921 (6,890)	−14.1	2,051 (2,069)	−0.9	7,155 (7,544)	93,768 (75,504)	17.3 (21.1)	54,856 (28,882)
MOTORS & COMPONENTS	9	36,874 (28,029)	+31.5	29,425 (22,322)	22,556 (18,575)	10,391 (9,186)	11,752 (8,752)	+34.0	3,896 (3,335)	+16.8	14,427 (10,427)	165,131 (120,805)	19.2 (18.5)	58,553 (41,372)
MOTOR DISTRIBUTORS	6	10,587 (10,128)	+4.5	5,376 (5,194)	3,467 (3,760)	2,035 (2,007)	1,431 (1,649)	−13.2	666 (618)	+5.9	5,446 (5,669)	40,267 (33,789)	13.5 (15.4)	3,695 (3,212)
TOTAL CONSUMER DURABLES	31	123,870 (105,286)	+17.6	90,033 (77,685)	70,794 (65,396)	35,512 (33,097)	33,468 (30,326)	+10.4	10,508 (9,615)	+9.3	53,781 (45,962)	457,995 (366,308)	19.7 (21.2)	147,402 (108,269)
BREWERIES	4	48,288 (45,976)	+5.0	34,019 (38,915)	23,598 (29,859)	12,057 (14,955)	11,106 (14,404)	−22.9	6,924 (6,528)	+6.1	17,233 (14,464)	436,218 (275,569)	7.8 (14.1)	−236 (−6,705)
DISTILLERIES & WINES	2	4,810 (3,890)	+23.6	4,070 (3,509)	2,708 (2,475)	1,526 (1,245)	1,115 (1,155)	−3.5	499 (486)	+2.7	1,216 (1,128)	32,901 (24,876)	12.4 (13.5)	13,059 (11,912)
HOTELS & CATERERS	1	1,268 (1,015)	+24.9	1,106 (884)	965 (768)	580 (512)	575 (456)	+26.1	345 (315)	+9.5	339 (253)	5,308 (4,395)	20.8 (20.1)	−1,165 (−1,123)
LEISURE	1	87 (425)	−79.5	−27 (307)	−29 (307)	— (161)	−29 (146)	−119.9	— (56)	—	60 (181)	780 (664)	— (46.2)	256 (207)
FOOD MANUFACTURING	16	157,170 (134,141)	+17.2	114,548 (97,445)	89,673 (70,549)	34,220 (31,045)	28,901 (33,047)	−12.5	12,149 (11,682)	+4.0	56,849 (56,165)	895,107 (835,957)	12.8 (11.7)	135,274 (116,658)
FOOD RETAILING	8	62,056 (59,125)	+4.9	46,068 (47,002)	45,592 (45,752)	24,796 (24,580)	20,818 (21,230)	−1.9	7,835 (7,202)	+8.8	25,598 (25,289)	295,765 (241,304)	16.3 (19.5)	−2,292 (−6,911)
NEWSPAPERS AND PUBLISHERS	6	8,592 (9,655)	−10.8	6,888 (8,007)	5,593 (7,411)	5,189 (4,077)	2,157 (2,915)	−26.7	1,059 (986)	+7.4	2,176 (3,036)	37,688 (42,944)	18.3 (18.6)	12,710 (10,605)
PACKAGING AND PAPER	9	67,710 (54,596)	+24.0	51,870 (40,154)	42,809 (34,526)	20,774 (16,474)	18,839 (15,657)	+20.4	5,467 (5,125)	+6.7	29,284 (25,069)	283,361 (224,685)	18.3 (17.9)	80,526 (48,363)
STORES	40	515,951 (417,219)	+23.7	379,280 (368,352)	338,251 (340,385)	171,978 (171,015)	164,972 (167,738)	−1.6	74,567 (69,648)	+7.1	137,528 (155,557)	1,984,034 (1,629,869)	19.1 (22.6)	318,757 (267,521)
CLOTHING AND FOOTWEAR	19	22,415 (21,364)	+4.9	16,682 (16,178)	12,995 (13,864)	6,625 (7,034)	6,193 (6,795)	−8.8	2,679 (2,599)	+3.1	7,693 (7,505)	95,580 (80,254)	17.4 (20.1)	32,168 (24,656)
TEXTILES	22	256,900 (246,131)	+4.4	193,895 (190,110)	154,406 (157,956)	[illegible] (45,151)	104,574 (103,758)	−1.5	21,121 (19,644)	+7.5	143,218 (138,214)	1,100,343 (851,419)	17.6 (20.0)	431,380 (416,907)
TOBACCO	1	6,651 (6,435)	+3.3	6,564 (6,204)	6,321 (6,195)	3,315 (3,296)	2,891 (2,669)	+8.7	541 (505)	+7.1	2,518 (2,277)	10,823 (10,699)	58.8 (58.0)	9,234 (8,331)
TOYS AND GAMES	1	5,195 (3,531)	+47.1	4,414 (2,781)	3,861 (2,535)	1,871 (1,170)	1,955 (1,310)	+49.1	218 (184)	−18.5	2,426 (1,812)	23,008 (14,157)	19.2 (19.4)	8,223 (4,469)
TOTAL CONSUMER NON-DURABLE	128	1,151,083 (1,005,481)	+14.7	851,101 (819,596)	706,753 (712,518)	322,813 (320,516)	363,858 (373,239)	−2.5	133,402 (124,958)	+6.7	426,434 (429,929)	5,201,106 (4,336,803)	16.5 (18.9)	1,057,959 (897,784)
CHEMICALS	9	98,680 (82,799)	+19.2	85,141 (70,290)	74,084 (63,356)	34,956 (29,685)	38,679 (33,115)	+16.8	8,827 (7,725)	+14.3	42,944 (36,626)	251,380 (203,264)	33.1 (34.6)	101,307 (75,256)
OFFICE EQUIPMENT	2	2,827 (2,320)	+21.8	2,256 (1,704)	1,639 (1,450)	964 (761)	688 (675)	−2.5	226 (207)	+9.2	858 (855)	16,815 (9,529)	13.5 (17.9)	2,520 (1,310)
SHIPPING	3	21,136 (17,348)	+21.9	17,801 (14,345)	16,838 (12,784)	3,531 (3,098)	12,732 (9,250)	+37.6	1,320 (1,297)	+1.8	16,166 (12,247)	117,345 (94,876)	15.2 (15.1)	29,177 (24,645)
MISC. INDUSTRIAL	66	307,897 (272,422)	+13.0	249,764 (216,512)	201,447 (178,677)	100,785 (89,091)	95,428 (85,696)	+11.4	30,279 (27,461)	+10.3	117,365 (109,105)	1,597,129 (1,260,773)	15.6 (17.2)	390,444 (327,414)
TOTAL INDUSTRIALS	322	2,084,479 (1,837,939)	+13.4	1,589,439 (1,478,189)	1,305,791 (1,378,069)	645,765 (595,105)	652,014 (651,708)	+0.05	223,714 (209,414)	+6.8	807,613 (789,132)	9,316,082 (7,780,449)	16.7 (19.0)	2,419,561 (1,997,219)
OIL	2	1,991 (1,155)	+72.4	1,383 (745)	1,234 (708)	726 (411)	503 (291)	+72.8	132 (108)	+22.2	855 (496)	9,876 (7,230)	14.0 (10.3)	1,668 (1,276)
BANKS	2	136,824 (105,155)	+22.9	111,558 (91,064)	110,324 (90,581)	57,001 (44,589)	47,861 (41,858)	−14.4	10,669 (9,796)	+8.9	51,731 (42,499)	400,329 (373,631)	27.9 (24.4)	−695,208 (−656,497)
DISCOUNT HOUSES, MERCHANT BANKS etc.	9	18,949 (16,805)	+12.7	— (—)	— (—)	— (—)	13,818 (11,716)	+17.9	5,575 (4,971)	+12.1	— (—)	‡5,886,537 (‡5,605,037)	— (—)	−526,927 (−557,424)
HIRE PURCHASE	1	1,758 (1,461)	+19.8	1,550 (1,302)	862 (803)	448 (416)	414 (387)	−7.0	126 (115)	−9.6	370 (327)	9,556 (9,258)	16.8 (14.1)	5,210 (4,656)
INSURANCE	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE BROKERS	1	4,167 (3,390)	+22.9	3,623 (2,912)	3,564 (2,912)	1,812 (1,423)	1,706 (1,480)	+15.3	527 (480)	+9.8	1,470 (1,264)	5,821 (4,730)	62.2 (61.6)	3,783 (3,536)
INVESTMENT TRUSTS	77	110,132 (69,948)	+57.5	108,811 (102,071)	82,949 (77,676)	31,541 (24,985)	49,216 (50,610)	−2.8	45,681 (42,521)	+7.9	4,094 (7,992)	1,637,512 (1,661,640)	6.6 (5.5)	144,921 (64,525)
PROPERTY	12	76,485 (67,378)	+13.5	75,523 (66,682)	28,343 (26,187)	11,589 (12,009)	16,154 (13,960)	+15.8	9,420 (8,624)	+9.2	7,039 (5,612)	1,184,634 (1,075,151)	6.4 (4.2)	−466,701 (−32,169)
MISC. FINANCIAL	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TOTAL FINANCIAL	102	338,295 (262,117)	+29.1	301,165 (264,061)	226,042 (197,959)	102,191 (85,222)	129,153 (119,981)	−7.6	71,998 (66,307)	+8.6	64,704 (57,694)	†5,247,528 (†3,812,407)	†9.3 (†6.9)	−1,541,054 (−1,154,047)
RUBBERS	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TEA	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TIN	2	5,450 (3,733)	+46.0	4,913 (3,250)	4,369 (5,079)	2,051 (1,317)	2,297 (1,745)	+31.6	1,566 (1,489)	+4.6	1,141 (642)	18,052 (10,291)	27.2 (2.9)	26 (−507)
MISCELLANEOUS MINING	3	64,418 (74,459)	−13.5	48,113 (40,767)	38,917 (35,695)	15,924 (30,184)	22,187 (21,268)	+4.1	9,661 (8,654)	+11.6	28,128 (45,699)	332,095 (311,319)	14.6 (15.1)	27,001 (29,486)
OVERSEAS TRADERS	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TOTAL COMMODITIES	5	69,868 (78,192)	−10.6	53,026 (44,017)	43,286 (38,774)	17,975 (31,501)	24,434 (25,015)	−6.2	11,217 (10,145)	+10.6	29,269 (46,341)	350,125 (322,210)	15.1 (10.4)	27,027 (28,979)

NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institute and Faculty of Actuaries, which has been adopted by the Stock Exchange Daily Official List.

Col. 1 gives trading profits, plus investment and other normal income properly belonging to the financial year covered. The figure is struck before charging depreciation, loan and other interest, *directors' emoluments and other items* normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as, for example, capital profits, unless the latter arise in the ordinary transaction of business.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act, 1948.

Col. 2 gives profits before interest and taxation that is to say profits after all charges, except loan and other interest, but before deducting taxation provisions and minority interests in the case of Banks no figure can be shown because of non-disclosure (see foregoing paragraph).

Col. 3 gives Pre-tax Profits that is to say profits after all charges including debenture and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporate taxation including Dominion, Colonial and Foreign liability and future tax provisions but excludes adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—

1. Minority interests
2. All prior charges—sinking fund payments, etc., and Preference dividends and
3. Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities except bank overdrafts.

‡ For merchant banks and discount houses a more realistic figure to quote is the balance sheet total.

Col. 9 represents the net return on capital employed. Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† *Excluding merchants banks, discount houses, insurances, etc.*

* No figures given

Col. 10 Net current assets are arrived at by the subtraction of current liabilities and provision from current assets.

HOME CONTRACTS

Barclays to lease oil ship to Vickers

BARCLAYS EXPORT AND FINANCE COMPANY—the leasing, industrial hire purchase and factoring arm of the Barclays Group—has signed a contract with Vickers Oceanics for an oil exploration support ship.

Financed by BEAFCO, the 2,000-ton vessel—formerly the German ship "Frankfurt"—has now been renamed "Vickers Vanguard." After extensive modifications being carried out by Manchester Drydocks at Trafford Wharf, Manchester, she will have a completely redesigned after end, with new handling gear for the launch and recovery of two miniature Pisces submarines.

The total cost to Barclays will be about £2m. and the ship will be on a primary bareboat lease for ten years to Vickers Oceanics, who will charter her initially to British Petroleum in the Ninian Field.

Vickers Oceanics—part of the Vickers Offshore Engineering Group—is primarily involved in the supply of support ships and submersible vessels for oil exploration operations, particularly, at present, in the North Sea.

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HALLAM GROUP OF NOTTINGHAM has been awarded contracts worth £316,000 by Aberdeen County Council for the construction of 90 dwellings, forming part of the Mintlaw 18th development—*sited on part of the old Aden* Estate a few miles out of Aberdeen. The orders also involve sub-contract work for main contractors Robert Bain and Sons, for the erection and finished assembly of the Hallam housing components. Work on site is due to start shortly, with completion scheduled for August 1976.

★

EMISOUND division of EMI, based at Treorchy, South Wales, has received a further £800,000 contract by the Post Office to supply quantities of a newly designed dial which makes use of injection moulding techniques to achieve cost reductions and greater reliability. The new dial is interchangeable with previously used designs produced to Post Office standards

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Index jumps 22 on interest rate hints

BY OUR WALL STREET CORRESPONDENT

NEW YORK, August 28.

SHARP GAINS over a broad front sent the Dow Jones Industrial Average 22 points higher on Wall Street o-day, sparked by favourable comment on the interest rate situation by Dr. Arthur Burns, Federal Reserve Board chairman.

The Industrial Average climbed 22.45 to 829.47, its best gain since it rose 26.05 last January 27. The NYSE All Common Index advanced $1.04 to $45.98, while rises overwhelmed declines by 1,243 to 190. Trading Volume sharply expanded by 3.42m. shares to 14.53m.

Dr. Burns' comment raised hopes that the Fed wouldn't again need to tighten its monetary policy.

Other factors lending support to the Stock Market were improved prospects for an Interim Peace Setlement between Israel and Egypt, and the fifh consecutive month gain in the U.S. Index of Leading Economic Indicators reported by the Commerce Department yesterday.

Esmark climed $2½ to $34¼ on higher earnings, a five-for-four stock split and a raised dividend.

Sears, Roebuck also rose $2½ to $64⅞—August sales will show the largest increase for any month so far this year.

National Semiconductor moved ahead $2¾ to $36½. Melville Shoe $1⅞ to $15¾. IBM $5½ to $186¼, Burroughs $3¾ to $92¼, Texas Instruments $3½ to $95¼, Du Pont $3½ to $119¼, and Schlumberger $3 to $77½.

Interlake rose $2½ to $34¼ on a three-for-two stock split.

General Electric advanced $2½ to $47.

Litton Industries added $1¼ at $8¾ following a per share profit for the fourth quarter, compared with a loss a year earlier.

Storer Broadcasting moved ahead $1 to $16¼—it agreed to sell its Boston Garden Unit and the Boston Bruins Hockey Team.

The American SE Market Value Index rose 1.74 to 85.82, with advances outnumbering declines by 434 to 156.

Syntex improved $1½ to $32¼, Research Cottrell $2 to $17¼ and Austral Oil $½ to $17¾.

OTHER MARKETS

Canada moves up

A full scale rally developed on Canadian Stock Markets yesterday, when all sectors closed solidly higher in light trading.

The Industrial Index picked up 2.06 to 187.93. Western Oils 3.82 to 188.20, Golds 2.27 to 350.38, Banks 2.35 to 275.89, Papers 1.57 to 111.64, Base Metals 0.80 to 78.86 and Utilities 0.97 to 128.74.

Nowsco Well Service gained $2½ to $19½—it intends to split its stock two-to-one. Hudson's Bay Oil climbed $1⅞ to $31⅞, Cominco $1⅞ to $34⅞ and Steel Co. Canada $¾ to $31¼.

Toronto Star added $⅞ at $14⅞ on plans to buy a 51 per cent. holding in Harlequin Enterprises.

PARIS—French shares slightly better in dull trading reflecting continued optimism as regards the Government's reflationary measures to be taken September 4.

Banks, Portfolios, Buildings and Engineerings were generally higher, while Stores, Electricals, Metals, Oils and Chemicals were virtually unchanged.

Americans regained most of Wednesday's losses, notably Du Pont, Chase Manhattan, IBM and General Electric. German issues finished mixed, while Dutch and Canadians advanced. International Oils did well, especially Imperial Oil, Petrofina and Royal Dutch.

Gold Mines were narrowly mixed, while Coppers hardly moved.

BRUSSELS—Slightly lower in very thin trading.

U.S. Stocks were firmer, but Gold Mines were lower, while other Foreign stocks were little changed.

AMSTERDAM—Quietly mixed, with gains in Dutch Internationals led by Akzo, up Fls.1, and Unilever, up Fls.0.8.

Gains elsewhere were led by Bergoss. Declines were headed by VMF, CSM and Naarden en Scheepvaartunie. Nationale Nederlanden weakened Fls.0.7 against a firm trend in Insurances. HAL firmed in otherwise weak Shippings.

State Loans showed steep falls.

SWITZERLAND—Irregular in light trading, with renewed buying support at lower levels offsetting early slight losses.

Banks and Financials firmed, while Industrials and Chemicals were mixed. Insurances declined. Zurich Insurance fell Frs.150 to Frs.9,550 and Sandoz B Frs.125 to Frs.3,950.

State Bonds were narrowly mixed.

Dollar stocks quiet but steady, Dutch Internationals also steady, while Germans were narrowly mixed.

MILAN—Slightly lower in very quiet dealings on uncertainties over economic prospects.

Bonds were quietly steady.

GERMANY — Shares recovered some of Wednesday's losses on increased Institutional demand, but markets remained uncertain because of the deteriorating Bond situation.

The Bond Market continued to be unsettled by news that the Federal Government's 1975 borrowing requirement has increased by Frs.15bn., due to tax shortfalls and Supplementary Budget appropriations.

Deutsche Bundesbank again intervened on a large scale, purchasing DM165m. worth of Federal Bonds in Frankfurt alone.

In Motors, VW rose DM1.50 to 113.

Hoechst put on DM1.30 to 130.80 but Schering lost DM2 to 385 in otherwise little changed chemicals.

Among Banks, Dresdner gained DM5.10 to 234.80, Deutsche DM2.50 to 301.50 and Commerzbank DM0.50 to 199.50. In Steels, Mannesmann improved DM3 to 268 and Kloecknerwerke DM1.50 to 106.

HONG KONG — Slightly higher in light trading.

Hong Kong Land were up 5 cents to $HK6.25, Hutchison 2 cents to 1.13, Wheelock "A" 2.5 cents to 3.475, Jardine 10 cents to 21.30, Hong Kong Telephone 20 cents to 16.20, Hong Kong and Kowloon Wharf 20 cents to 10.40 and Hong Kong Dock 10 cents to 5.50.

TOKYO—Early slight gains were reversed and prices finished easier on selling attracted by pessimistic views of the Stock Market's outlook. Volume 110m. shares.

Kohjin, now traded on the Exchange's liquidation "post," slumped a further Y30 to Y20.

Stocks of other companies considered to be suffering from poor business results fell sharply. Eidai dropped Y42 to Y316 on rumours, denied by the company, that its subsidiary was in financial difficulties.

Casualty Insurances were strong. Tokio Marine and Fire were up Y14 to Y468.

Kato Works advanced Y17 to Y707.

In general, Constructions, Textiles, Chemicals, Machineries, Electricals and Trading Companies were lower. In Shippings NYK were down Y6 to Y199.

AUSTRALIA—Firmer in quiet trading.

North Broken Hill moved up 7 cents to $A1.30 on further assays at the North Mine, Broken Hill.

Winns put on 6 cents to $A1.25 on the rejection of a takeover bid by Winthrop.

CGFA shed 10 cents to $A2.75—it reported higher profits but reduced its dividend.

Pancontinental were 4 cents off at $A5.96.

Lend Lease lost 5 cents to $A2.35.

JOHANNESBURG—Gold shares were generally easier, although some issues were off the worst.

Financial Minings were mixed, Platinums easier, with Waterval 3 cents lower at R205, Coppers also narrowly mixed. Other metals and Minerals were little changed.

Industrials were marginally easier.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus.	Util.	Trading volume† 000's
Aug. 28	67.58	165.60	829.47	78.70	14,530
27	67.51	162.82	807.02	77.29	11,110
26	67.61	163.19	803.11	76.91	11,360
25	67.66	156.24	812.34	77.22	11,250
22	67.68	154.62	804.76	76.43	13,050
21	67.73	153.59	791.69	76.18	16,610
20	67.80	154.68	795.26	75.40	16,650
19	67.75	156.47	808.51	77.45	14,890
18	68.07	158.60	822.75	78.08	10,310
15	68.18	158.25	825.64	77.88	10,610
14	68.27	156.67	817.04	77.28	12,480
13	68.26	156.37	820.66	77.84	12,000
12	68.28	157.45	822.54	78.38	14,610
11	68.25	156.59	823.76	78.22	12,350
8	68.25	156.65	817.74	78.67	11,660
7	68.28	156.63	815.76	78.64	12,390
6	68.24	156.71	813.67	78.46	16,380
1975 High	69.92 (4/4)	174.18 (5/6)	881.81 (15/7)	87.07 (26/6)	—
Low	66.16 (3/1)	148.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High	—	279.88 (7/2/69)	1051.70 (11/1/73)	163.32 (20/4/65)	—
Low	—	13.23 (8/7/32)	41.22 (8/7/32)	10.58 (28/4/42)	—

† Excluding bonds.

IND. DIVIDEND YIELD p.c.

Aug. 22	Aug. 15	Sept. 6 1974
4.77	4.67	5.80

N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Aug. 28	97.02	86.40
27	94.76	84.43
26	94.24	83.96
25	95.51	85.06
22	94.63	84.28
21	93.22	83.07
20	93.38	83.22
19	95.35	84.95
18	96.77	86.39

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Aug. 28	Aug. 21	Aug. 14
On Dividends	7.60	7.47	7.87
On Earnings	13.43	13.70	14.12

SYDNEY ALL ORD. INDEX

TOKYO NEW SE INDEX

HONG KONG ORD. INDEX

SINGAPORE INDEX

STOCK AND BOND YIELDS

THURSDAY'S ACTIVE STOCKS

TORONTO INDUSTRIAL INDEX

MONTREAL INDUSTRIAL INDEX

JOHANNESBURG

RISES AND FALLS

AMERICAN SE MARKET VALUE INDEX

£ and $ steady

Sterling remained steady in the foreign exchange market yesterday, closing a little weaker in terms of the U.S. dollar, but slightly better against major currencies generally. The result of the miners' ballot did not have much affect on the pound. A majority in favour of the Government's pay policy was generally expected, but concern was expressed in some quarters over the size of the majority. The U.S. dollar recorded mixed changes against the major units, but business tended to be small, with some demand for the dollar in the morning being cancelled out by selling of the unit in the afternoon. Forward sterling remains firm, and it was suggested that Middle East interests may have been buying the forward pound.

The pound began the day at its lowest level of $2.1080-2.1090, but after a good commercial demand improved to $2.1110-2.1120, its best level of the day. At the close sterling was $2.1095-2.1105, a loss of 5 points on the day.

Sterling's trade-weighted average depreciation against ten major currencies since the Washington Currency Agreement (as calculated by the Bank of England) improved to 27.6 per cent. from the previous 27.7 per cent., and was quoted at 27.7 per cent. at noon and 27.6 per cent. in early dealings. The dollar's trade-weighted average depreciation, as calculated by Morgan Guaranty of New York, on noon rates, widened to 2.52 per cent. from 2.51 per cent. previously. Sterling's depreciation on a similar basis narrowed to 33.25 per cent., from the previous 33.3½ per cent.

Gold gained $½ to close at $161½-162½ after a quiet day. The krugerrand for domestic delivery ended at $166¾-168¼ (£79-79¾) and the premium over its gold content was 3.47 per cent., compared with 3.10 per cent. previously. In international business the premium was unchanged at 3.17 per cent.

EXCHANGE CROSS-RATES

Aug. 28	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't	—	2.5775-80	58.78-84	6.785-752	5.439-444	97.636-750	96.175-260
N. York	38.78-87	—	22.79-82	2.604-610	2.1105-1115	37.87-91	37.30-36
Paris	169.85-25	4.378-389	—	11.437-461	9.235-259	166.245-.345	163.45-65
Brussels	14.83-89	38.30-35	8.72-76	—	80.72-89	14.49-56	14.28-33
London*	5.431½-441½	2.1095-1105	9.25½-26½	80.85-81.05	—	5.56½-57½	5.65½-66½
Am'erdam	102.385-375	2.6387-6412	60.215-285	6.8915-65	5.565-570	—	98.515-565
Zurich	103.88-4.02	2.68-6815	61.10-16	6.9926-7.0	5.645-5665	101.52-62	—

EURO-CURRENCY INTEREST RATES*

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two days' notice for guilders and Swiss francs.

GOLD MARKET

FOREIGN EXCHANGES

OTHER MARKETS

FORWARD RATES

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

GERMANY

AMSTERDAM

Aug. 28	Price Fls.	+ or −	Div. %	Yld. %
Ahold (Fl.20)	97.5	−0.5	18	5.7
Akzo (Fl.20)	35.4	+1.1	20	11.4
Algem Bnk (Fl.100)	315.5	+0.5	20	7.0
AMAS NV (Fl.10)	11.6	−0.4	10	8.5
AMEV (Fl.20)	66.4	+0.5	50	10.5
Amro Bank (Fl.20)	75.5	−0.5	20	5.4
VanBer kels (Fl.50)	119	+1.5	15	6.5

AUSTRALIA

Aug. 28	Aust. $	+ or −
Acrow Australia	†0.65	—
Adelaide Brig'ton Cem't 50c	†0.80	—
Allied Mafg. Trdg. Indus $1	†1.35	—
Ampol Exploration	†0.68	+0.03
Ampol Petroleum	†0.40	+0.01
Assoc. Minerals	†2.46	—
Assoc. Pulp Paper $1	†0.76	—

VIENNA

JOHANNESBURG

PARIS

TOKYO

BRUSSELS

MILAN

STOCKHOLM

OSLO

SWITZERLAND

COPENHAGEN

SPAIN

FARMING AND RAW MATERIALS

Peru fishing start may be delayed

WASHINGTON, August 28.

THE START of Peru's new anchovy fishing season may be delayed until October 1, about one month later than under normal prospects, according to informed sources here, reports Reuter.

An official announcement is likely to be made soon in Lima explaining the delay and attributing it to results of recent exploratory surveys of fishing conditions for the new season.

A final decision on the start-up date is to be made this week-end when results of an additional survey, now under way, are known. Until then it is undecided whether to delay the start until September 15 at the earliest or until October 1.

It was reported that two "Eureka" surveys conducted this month had signalled prospects which "were not all that promising." They indicated it would be advisable to delay the start for at least 15, and possibly 30, days.

Potato import ban suspended

BY JOHN EDWARDS, COMMODITIES EDITOR

RESTRICTIONS ON imports of new and main-crop potatoes into Britain are being suspended from September 1 "to safeguard supplies to U.K. consumers," the Ministry of Agriculture announced last night.

The decision, taken by the Ministry after talks yesterday with the Potato Marketing Board chairman, Mr. G. Grantham, and National Farmers Union officials, has been taken in view of the lower forecasts for U.K. potato production because of unfavourable weather conditions.

Earlier this week the Ministry in its weekly agricultural report warned that a large proportion of the potato crop was suffering from drought following the lack of rain in the Eastern half of Britain where the bulk of potatoes are grown.

No estimate

No official estimate of the likely shortfall in potato production has yet been made, but there are reports of yields dropping to between 7-9 tons an acre compared with last year when the average yield of 12.8 tons produced a total crop of 6.4m. tons. At the same time, because of a surplus supply las year, the acreage planted was cut by 20,000 acres to 448,000 acres.

The Potato Marketing Board has subsequently relaxed restrictions to allow the sale of undersized and over-sized potatoes, but there seems little doubt now, with main crop lifting starting next week, that there is going to be a serious shortfall in main crop supplies that will be most seriously felt in the latter half of the season, next spring.

However, the Government has probably decided on early action because available supplies of imports may be hard to come by since reduced plantings, and low yields, have also reduced potato crops in other EEC countries.

It is considered that Holland, as the biggest EEC exporter of potatoes, will be the main source of supply. But the Dutch crop this year is well down and Holland may have some difficulty in meeting its normal export commitment to West Germany, where potato production is also expected to be lower. So supplies may still be far from plentiful later this year and early 1976.

Imports, which would normally be banned from August 31 onwards, will still be subject to compliance with plant health regulations. One reason for import restrictions has been the fear of importing the Colorado beetle as well, but it appears this has become of less importance than the need to protect U.K. consumers from having to pay astronomically high prices.

Brazil may review coffee price

BRASILIA, August 28.

BRAZIL MAY review its internal coffee support prices, Brazilian Coffee Institute (IBC) President, Sr. Camilo Calazans, said here, reports Reuter.

Speaking to the agricultural committee of the Chamber of Deputies, Sr. Calazans said, however, a decision on this could only be made after in-depth studies of production costs and the international market situation.

He added that the abolition of the contribution quota (export tax) would be studied, but he must first be assured that the international market was steady enough to give producers stable prices.

Trade sources in Rio said any increase in internal support prices would further strengthen the producers' position, enabling them to hold back longer on sales.

Several agricultural bodies have recently called for increases of around 200 cruzeiros on the present support price of 700 cruzeiros per bag for Group One coffee. Any support price increases will reflect quickly in internal and overseas market levels.

Brazil exported 463,000 tonnes of green coffee beans in the first seven months of this year against 381,000 in the same period last year, figures from the foreign trade department of the Bank of Brazil show.

LIVESTOCK FARMING

New twist in cost spiral

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

LIVESTOCK FARMERS, already hard hit by the scarcity and high price of fodder, hay, silage and straw—now face the prospect of much higher prices for the concentrate feeding stuffs used for production rations of milk, pigmeat and poultry.

This has been due to the rise of world grain prices over the last two months due to the Russian purchases of American grain, which has also caused a reduction in the EEC levies on grain imports. These import levy charges have made it possible for U.K. traders to export grain to our European partners, rather than keep it in this country.

The mechanics of this operation were described last week when it applied to barley. Now, because the levies on wheat have also been reduced, temporarily perhaps, it has been possible to export U.K. wheat as well.

What happens to this grain is still not clear, but it is believed that some is sold straight into intervention, while other parcels can be turned around and, through a manipulation of the various compensatory amounts, re-imported into the British Isles.

Naturally enough, the details of this operation are a well-kept secret among the shippers and others profiting by this trade. It is believed that substantial quantities are being exported, and "a trip around the lighthouse" for parcels of grain is an expression commonly used.

What is certain is that as long as these opportunities for taking advantage of the financial and fiscal arrangements of the Common Agricultural Policy continue to exist, the more scope there will be for international manipulation of this sort, which has nothing to do with the needs of either the users or the growers of grain.

In fact, consumers would seem to be coming out extremely badly. The U.K. price of both barley and wheat of feed quality has risen between 10 and 15 per cent. in the last month. December de-naturable wheat is now priced at between £65 and £66 per ton, and barley at nearly the same figure, on an "at farm" basis. These prices are about £10 per ton above those operating at mid-summer.

Volatile

The market is volatile and few traders like to keep anything on their books for more than a few hours. There is also considerable speculation, almost reaching the scale that it did in 1973.

Compounders are becoming extremely concerned. Many of them have been, and still are, "bearish" about price trends and are insufficiently covered for future supplies. They are also faced with a substantial prospective increase in the cost of protein, notably soyabean meal. It is probable that compound prices will go up between £7 and £10 per ton between now and the end of the year, in order to compensate for the present situation.

This will undoubtedly be a shock to livestock farmers, whose plans for production, let alone for expansion, are heavily hedged about with uncertainty over costs and return. I don't share the popular view that dairy farming is doomed because of the reduction of the dairy herds and the high slaughter numbers of cows.

It would seem from dairy farmers I have spoken to that they intend to make next winter a holding operation; that low-yielding and late-calving cows are better slaughtered than kept through a difficult winter and that this streamlining inevitably means lower production for the time being.

A final blow to dairymen's hopes was when the "green pound" was only devalued by 5 per cent. instead of the 10 per cent. so confidently expected.

The same consideration seems to be applying to pig producers, there are no obvious signs of expansion in that field. Farmers expecting to keep beef cattle through the winter to catch the much higher prices promised next spring are counting their costs very closely.

It is believed that the English grain trade and compounders, worried about future sales, have been making representations to the Government to try and correct the anomalous situation in the grain market created by exports from the U.K. It is difficult to see how this can be done, particularly because on past form this Government has been almost fatalistic in its passive acceptance of Community rules and regulations however many nonsenses they spark off.

Grain prices

The Government, many traders believe, also appears to have decided to ride out the problem of the livestock section. This attitude is based on their belief that U.K. grain prices have been too low recently, that by January 1978 they will have to rise substantially above to-day's values to reach Community levels. And that the farming industry had better get used to them.

It is also probable that the reduced English grain crop—latest estimates seem to put it at about 2m. tons down on last year—would itself cause prices to be maintained at the present or even higher levels. The only good reason for them to fall substantially would be if livestock farmers simply refused to go on producing any longer and so reduced demand. This at the moment is unlikely to happen, but it does seem that the livestock farmers are in for yet another long winter of discontent.

Japan to aid commodity suppliers

TOKYO, August 28.

JAPAN WILL supply special import financing as an emergency step to increase imports of primary products from countries hard hit by a heavy decline in their exports to Japan, according to the International Trade and Industry Ministry, reports Reuter.

Special one-year, 8 per cent. loans totalling Y28,000m. will be provided by the semi-official Export-Import Bank to finance imports of copper, lead, zinc, bauxite, nickel, molybdenum, tungsten and wood pulp.

Japan's imports of these commodities this year will drop about 30 per cent. below 1974 levels, the Ministry said. It hopes the preferential import financing will be able to prop up imports at about 90 per cent. of the 1974 volume.

COCOA PRICES HIGHER

Yesterday's sharp rise in the cocoa market was described by dealers as largely speculative. The December position on the London terminal market gained £16 to £584.5 a tonne.

There was no significant fundamental news to affect the market and trade sources said there was no discernible increase in the tightness of the nearby supply position.

Agreement on cane sugar supplies

BY RICHARD MOONEY

THE U.K. GOVERNMENT confirmed yesterday it had agreed to allow imports of up to 1.3m. tonnes of cane sugar from African, Caribbean and Pacific (ACP) suppliers this year at the £260-a-ton price negotiated by Mr. Fred Peart, the Minister of Agriculture, in February. This compares with a current world market price of around £190 a ton.

The £260 a ton price was negotiated at the time of the sugar supply crisis when Britain was mainly concerned to ensure an adequate supply of sugar for 1975. At the same time the ACP producers were given an assurance under the Lomé convention for access to the EEC for 1.3m. tons of sugar a year.

The EEC sugar year runs from July to June and the ACP countries held that as the bilateral price agreement with the U.K. made no mention of any upper limit to shipments they were entitled to ship up to 1.3m. tons during the remainder of this year at £260 a ton.

The U.K. Government sought to restrict ACP shipments during the second half of 1975 to 700,000 tons but this proved unacceptable to the producers and the agreement announced yesterday is seen as a compromise arrangement.

As 380,000 tons was shipped during the first six months of the year the agreement will allow shipment of up to 950,000 tons during the second half. In addition a special concession has been made to Fiji and Mauritius, allowing them to provide any shortfalls in shipments from other countries.

The formula has been accepted by all the producers except Fiji, which is expected to give formal approval to the plan shortly.

Jamaica not opposed to bauxite cuts

By Our Own Correspondent

GEORGETOWN, August 28.

JAMAICAN Deputy Prime Minister Mr. David Coore said here that his country recognised that the cutbacks taking place in its bauxite industry were a "genuine response" to a world recession in aluminium. But he added that Jamaica was not too worried about the current recession because it was satisfied that the market would pick up in another four or five years.

Jamaica had no reservations over the proposed joint smelter project with Guyana and Trinidad and Tobago, since that project was supposed to come on stream in 1979.

As far as Jamaica was concerned, he said, the joint smelter project was still on because it did not interpret recent statements from Trinidad Prime Minister, Mr. Eric Williams, to mean that that country was pulling out of the plan to set up a smelter to produce 200,000 tons of aluminium annually.

French wheat estimate reduced

PARIS, Aug 28.

FRENCH SOFT wheat production in 1975 is estimated at between 12.2m. and 12.5m. tonnes, compared with last year's 16m. and earlier forecasts of 14m. tonnes, according to the National Cereals Office (ONIC), reports Reuter.

The downward revision reflects damage to crops by the recent dry spell and can only be a rough estimate at this stage, ONIC said, noting the earlier forecast of 14m. tonnes took into account the 7 per cent. drop in sowings compared with 1974.

However, French wheat stocks will be only marginally lower than in 1974-75 because the carryover stock at August 1 stood at 3.15m. tonnes, compared with 1.4m. a year earlier.

ONIC said France will easily be able to cover its own needs, exports to EEC countries and traditional clients and its food aid obligations. Only exports to other countries will need to be reduced.

Hard wheat production is still put at a record 800,000 tonnes, a forecast unchanged since early July, while the rice crop, which covers 10,000 hectares, is progressing well.

The barley crop for 1975 will be average at slightly below 1974's 5.8m. tonnes, but here again carry-over stocks will ensure little or no export shortfall.

The report said it is too early to predict the maize crop, but foliage seems to be recovering from the worst effects of the drought and the harvest will in any case be higher than last year's 6m tonnes because of the big increase in area sown.

In Tokyo, meanwhile, the Australian Wheat Board (AWB) has announced that an Australian wheat mission led by the general manager of the Board, Mr. L. H. Dorman, will be here early in October to discuss wheat sales to Japan with Japanese officials and importers.

Trade sources said the Japanese Food Agency has asked the AWB to secure the supply of 1m. tonnes of wheat for the next crop year beginning this December.

For this year Japan bought 1.02m. tonnes of Australian wheat for shipment up to November. The total comprised 260,000 tonnes of prime hard wheat and 760,000 tonnes of soft wheat, the sources said.

U.K. wheat will be at least 1m. tons less this year than last year, according to Farm Seeds, of Norfolk. The barley shortfall will be of the same order, with seed barleys once again being in short supply, especially if the export trade continues at the present rate, the company said. However, the record carry-over from last harvest and the 10 per cent. cutback in livestock "will help to balance things out," it added.

India plans shellac buffer stock

NEW DELHI, August 28

THE INDIAN Government has authorised the Shellac Trading Corporation (STC), to begin buffer stock operations as a price support scheme, the Press Trust of India reported.

It will start operations in West Bengal, Bihar, Madhya Pradesh and Orissa from October. The state governments will be responsible for making direct purchases from the growers and supplying them to the STC.

Meanwhile the STC has opened negotiations with foreign buyers for exports of shellac and has already concluded some contracts.

The STC has also been authorised to create a shellac development fund to be used for market surveys and for research. Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Rallied in line with the U.S. market on the London Metal Exchange. The closing firmness of Comex overnight caused an initial bout of renewed speculative interest in pre-market trading here with forward metal touching £645 at one time. Profit-taking later caused a reaction to £642 but when the U.S. [illegible] ended at £642.5 on the afternoon Kerb. Turnover 19,325 tonnes.

Amalgamated Metal Group reported that in the morning, cash wirebars traded at £620, 19, 18, 19.5, three months £645 to 41, 42, 41.5, 42. Late Nov. £643. Cathodes: cash £607, 08.5 three months £629. Kerbs: Bars: three months £643, 43, 43.5. Afternoon: Wirebars: cash £622, 19.5 three months £64.5, 43, 44, 43, 42.5, 43. Cathodes, cash £605.5, three months £626.5. Kerbs: Bars: three months £642 [illegible]

TIN—[illegible] £3,225 before closing at the higher level.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	618-9	+1.25	619-20	+4.25
3 months	641.5-2	+1	642.5-3	+4.5
Settlem't	619	+1	—	.....
Cathodes				
Cash	605.5-6	+7.25	606.5	+5.75
3 months	628-.5	+8	628-9	+5
Settlem't	606	+7	—	.....
U.S. Smt.	—	.....	*63-65.7	

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	3144-5	-2.5	3150-5	-2.5
3 months	3216-8	+5	3222-5	+.5
S'ment	3145	-4	—	.....
Standard				
Cash	3144-5	-2.5	3150-5	-2.5
3 months	3216-8	+5	3222-5	+.5
S'ment	3145	-4	—	.....
Straits E	£5990	-1½	—	.....
New York	—		—	.....

[illegible]

LEAD [illegible]

ZINC [illegible]

SILVER

[illegible]

COCOA

[illegible]

FREIGHTS

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

SUGAR

[illegible]

GRAINS

[illegible]

SOYABEAN MEAL

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

JUTE

[illegible]

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 70 tonnes, bringing the total for the week so far to 399 tonnes, reports F. W. Tattersall. Limited dealings continued with only occasional support from spinners. African and Middle Eastern qualities were sought for winter shipment.

COPRA—Philippines: Aug.-Sept. unquoted, Oct. $235, Nov. $237; per tonne c.i.f. Northern European ports resellers.

Guyana sugar expansion plan

By Our Own Correspondent

GEORGETOWN, August 28.

THE BRITISH-OWNED Booker Group in Guyana is undertaking a $G15m. expansion programme to increase its sugar production capacity and develop over 5,000 acres of new land for sugar cultivation. Sir George Bishop, chairman of the parent company Booker-McConnel, now on a visit here, stated that the project is "the latest proof of our commitment to the development of Guyana."

Sir George was at the time speaking at the official opening of a new distillery which has been established by the group at a cost of $G3m. The still is claimed to be the most up to date in the world and will enable the group to produce 4.5m. gallons of alcohol annually.

WOOL SUPPORT

The Australian Wool Corporation bought over 30 per cent. of the offerings at the latest auctions in Adelaide, Albany and Brisbane yesterday. With the corporation dominating the sales, prices were unchanged, although demand from the trade was generally moderate.

PRICE CHANGES

Prices per ton unless otherwise stated.

	Aug. 28 1975	+ or —	Month ago
Metals			
Aluminium	£595	.....	£595
Free Market	£550-580	.....	£525-555
[illegible]	[illegible]	[illegible]	[illegible]
English Milling	£65.5	.....	£60.25
Cocoa Shipment	£604.5	+18.0	£684.5
Futures Dec.	£564.5	+16.0	£590.5
Coffee Shipment			
Futures Nov.	£768.75	+4.5	£738.5
Cotton 'A' Index			
cent	55.85	+0.05	54.15
Jute UABWC	£195	.....	£195
Rubber kilo	35.0p	-0.25	35p
Sisal EASL	$600	.....	$600*
Sugar (Raw)	£190	.....	£210
Wooltops 64s kilo	193p	.....	188p
Clove (Madagascar)	£2,550	.....	£2,550
Pepper White ton	£910	.....	£896
Black ton	£710	.....	£695

* Nominal. † Seller. § Unofficial close. ‡ Indicative price. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." ‡ Unquoted. a Seller's quotation. h Nov. k Aug.-Sept. u Metric tons. v September. e Aug.-Oct. s July-Aug. t Nov. q May-June. w Nov.-Jan.

FINANCIAL TIMES

Aug. 28	Aug. 27	Month ago	Year ago
181.50	181.72	177.33	204.50

(Base: July 1, 1952=100)

REUTER'S

Aug. 28	Aug. 27	Month ago	Year ago
1172.7	1169.5	1159.8	1269.0

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	Aug. 28	Aug. 27	Month Ago	Year ago
Spot	317.22	318.40	305.62	366.54
Futures	300.17	301.97	287.17	346.00

(Average 1924-25-26=100)

MOODY'S

Moody's	Aug. 28	Aug. 27	Month ago	Year ago
Sple Commty	803.3	800.0	778.6	938.9

(Dec. 31, 1931=100)

GRIMSBY FISH—Supply good, demand good. Prices per stone at ships' side, unprocessed. Shelf cod £2.00-£3.20, codlings £1.60-£2.20. Large shelf haddocks £2.50-£3.20, medium £2.60-£2.80, small £1.80-£2.40, large plaice £3.60, medium £2.30-£3.40, best small £2.30-£2.50, skinned dogfish £3.50, medium £2.80, coalfish £1.10-£1.20, rockfish £1.10-£1.30, lemon soles £4.00-£4.50, rads 80p-£1.10.

U.S. Markets

Sharp falls in Chicago hits metals

NEW YORK, August 28

HEAVY TRADE selling that activated Commission House sell-stops forced beans limit down and corn and wheat sharply lower. This weakness in Chicago was responsible for the lower closings in silver, cocoa and copper. Sugar edged higher on trade buying, Bache reports.

[illegible]

COMPANY NOTICES

CHARTER CONSOLIDATED OVERSEAS N.V.

LOAN 7½% 1972-73-87 FF100 MILLIONS NOMINAL

The redemption on October 1st 1975 for which a sum of FF2,000,000 is planned has been completely repurchased on the Stock Exchange.

Paying Agent:

BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND-DUCHE DE LUXEMBOURG

CONTRACTS AND TENDERS

NIGERIAN RAILWAY CORPORATION TENDER NOTICE

Tenders are invited from established manufacturers for the supply of:

(a) 151 Passenger Coaches
(b) 20 Rack (Car Transporter) Wagons
(c) 10 Refrigerated Wagons
(d) 55 Main Line Diesel Electric Locomotives continuous site rating 1600/1700 h.p. gross.

Applications for Tender Documents should be made to:

THE CROWN AGENTS
L DIVISION
4 MILLBANK
LONDON SW1P 3JD
ENGLAND
TELEX: 916205 - CABLES: CROWN LONDON

Tender documents will be ready for issue to bona fide applicants by 5 September 1975.

The following references must be quoted in all applications for Tender Documents:

Item a L2N/NIG RLY B 5/16867
Item b L2F/NIG RLY B 5/16869
Item c L2J/NIG RLY B 5/16870
Item d L1B/NIG RLY B 5/16868

Completed Tenders should be submitted to the CROWN AGENTS by Friday 31 October 1975.

STOCK EXCHANGE REPORT

Equities boosted by miners backing of the £6 limit

Share index up 6.5 at 322.4—Associated P. Cement feature

Account Dealing Dates
Option

*First Declarations Dealings	Declara-tions	Last Dealings	Account Day
Aug. 11	Aug. 20	Aug. 21	Sep. 2
Aug. 22	Sep. 4	Sep. 5	Sep. 16
Sep. 8	Sep. 18	Sep. 19	Sep. 30

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equity markets, which had shown signs of flagging on Wednesday, were given a fresh boost yesterday by the miners' 3—2 vote in favour of the Government's incomes policy. Leading equities scored some useful gains and, despite profit-taking in the latter stages, closing rises still ranged generally to 5 and occasionally more. The FT 30-share index, which touched its best of the day at 3 p.m. with a gain of 8.1, ended a net 6.5 higher at 322.4, making a rise of 43.6 in just under three weeks. Demand was by no means heavy, but any sizeable lines of stock which came on offer were quite easily placed. The return of buying confidence was also helped by much better-than-expected first-half figures from Associated Portland Cement, which featured with a rise of 12 at 160p, and by the call for gradual economic expansion contained in the NIESR review.

Second-line equities also had their fair share of features, although these mainly resulted from trading statements. Overall, the day's advance was fairly broad and the FT-Actuaries All-Share index improved 1.8 per cent. to 138.57. Rises led falls by 9—2 in FT-quoted Industrials.

Gilts overshadowed

Still overshadowed by events in equities even the National Institute of Economic and Social Research latest review failed to reassure British Funds, although the undertone was very steady. A dealer adequately summed up business by remarking that each day appeared quieter than the one before, a trend which finally brought minimal changes of a mixed nature at the shorter end of the market. Mediums and longs were again marginally lowered at the outset and the move subsequently prompted sporadic cheap buying, which caused quotations to revert to overnight levels. Corporations continued to make headway, often finishing ¼ higher on the day.

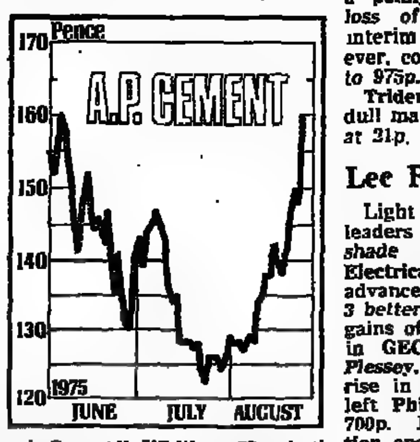
A continuation of the upsurge in the investment currency market saw the premium as high at 105 per cent. before a late reaction to 104 per cent. for a fresh gain of 3½ points: trading conditions were still rather thin, despite sellers being less reticent than recently. Yesterday's SE conversion factor was 0.6042 (0.6198).

Keyser dip and rally

The big four Banks closed quietly firm after some fresh small buying orders. Midland were 4 dearer at 252p and Lloyds and National Westminster both similarly better at the common level of 222p. Barclays, however, closed unaltered at 268p, after 266p. Overseas issues were firm with Commercial Bank of Australia 10 better at 225p on the results, Bank of New South Wales gained 15 to 570p. In Merchant banks, Keyser Ullmann had a nervous morning, slipping down to 46p following adverse Press comment about the bank's loans to directors before picking up to close unchanged on the day at 50p. Elsewhere, Mercury Securities gained 5 to 117p and Guinness Peat added 4 to 151p, while Hill Samuel improved 3 to 86p. Lloyds and Scottish edged forward 4 to 61p in Hire Purchases where Wagon Finance held firm at 28p ahead of to-day's interim results.

With the exception of Commercial Union, which eased a penny to 153p, Composite Insurances improved afresh. With half-year figures due next Wednesday, Sun Alliance gained 5 to 410p, while "Royals" rose 4 to 306p. Guardian Royal Exchange and Phoenix were 3 higher at 190p and 207p respectively. In Lloyd's Brokers, Matthews Wrightson (interim results next Friday) improved 6 more to 158p. Sedgwick Forbes added 8 at 240p.

Breweries took a turn for the better following a fresh flurry of small buying in a market short of stock. Arthur Guinness, 114p, and Greenall Whitley, 58p, both added 4, while Whitbread "A" hardened 3 to 60p as did Bass Charrington to 94p. Allied recovered from initial softness to finish unaltered at 67p. Elsewhere, Distillers put on 2 to 116p.



Associated Portland Cement moved into the spotlight in Buildings, rising in active trading to 162p on the better-than-expected interim figures before closing 12 better on balance at 160p. Concrete were raised 5 to 33p, while RMC, 63p, and Tunnel "B," 138p, put on 4 and 8 respectively. Cement Roadstone were a good late spot at 67½p, up 4½, on the half-yearly report. Taylor Woodrow advanced 7 to 277p as did R. Costain to 187. J. and W. Henderson moved up 5 to 130p in belated response to the interim report, while other firm spots took in Redland, 5 up at 90p, and Marley, 6 higher at 80p. M. P. Harris, at 78p, held the previous day's rise of 36 which followed the proposed bid from Grovewood Securities.

After touching 268p, ICI closed 2 better on balance at 265p. Blagden and Noakes, at 95p, recouped a penny of the previous day's loss of 4 which followed the interim statement. Akzo, however, contrasted with a fall of 37 to 975p.

Trident T.V. "A" remained a dull market, losing a penny more at 21p.

Lee Refrigeration up

Light support for the Electrical leaders left prices closing only a shade firmer, although Thorn Electrical, in a short market, advanced 8 to 182p. EMI finished 3 better at 185p, after 186p, while gains of a penny were registered in GEC, 126p, after 128p, and Plessey, 75p, after 76p. The fresh rise in the investment premium left Philips' Lamp 10 higher at 700p. Elsewhere, Lee Refrigeration ended prominently better at a peak for the year of 62p, up 11, on satisfaction with the half-time advance in profits and news of a very full order book. Crellon improved 2 to 27p, helped by news of the oversubscription for the one-for-three "rights" offer at 25p. Henry Wigfall, after rising to 112p, came back to 105p on some disappointment with the results, but subsequently rebounded to 110p for a net gain of 3.

Stores closed on a quietly firm note following a reasonable turnover in the morning session. British Home Stores were prominent at 310p, up 7, while Marks and Spencer, 106p, and House of Fraser, 73p, put on 2 apiece. "Gussies" "A" moved up 3 to 176p. Among secondary issues, Waring and Gillow finished a penny better at 64p on the preliminary figures. Executex Clothes, however, shed 1½ to 4½p on the results.

Hawker continued to benefit from a small investment demand which, in a market now showing signs of a severe stock shortage, jumped 14 more to 298p. Other Engineering leaders were around 6 higher including Tube Investments, 238p, and GKN, 220p. Vickers put on 4 to 129p and Babcock and Wilcox, an active market again, responded similarly to 112p, after 114p. Hill and Smith replied to the forecast of maintenance of the record profit run by rising 10 to 64p, while the good interim results lifted Mather and Platt 1½ to 34½p. Improved figures helped Newall harden to 6½p and Halfite were 2 better at 65p, despite the slower second half. Elsewhere, Braham Millar gained 4 to 23p and Garton Cooper 3 to 30p. In Shipbuildings, Swan Hunter rallied 3 to 61p.

Associated Dairies continued firmly in Foods, rising 8 more to 190p following Press comment on the preliminary fiures. Nurdin and Peacock were raised 7 to 85p, while J. Sainsbury, 148p, and Alpine Soft Drinks, 110p, put on 4 and 5 respectively, the last-named for a three-day gain of 20. Supermarkets were featured by Wheatsheaf Distribution, 12 higher at 142p, and Kwik Save Discount, 16 to the good at 209p, after 211p, following small buying in restricted markets.

Ladbroke featured Hotels and Caterers with a rise of 12 to 171p on the record interim profits which accompanied news of the proposed "rights" issue on the basis of one-for-one at par; the warrants closed 8 higher at 59p, after 60p. J. Lyons "A" improved 6 to 144p, while Brent Walker, 43p, and Trust Houses Forte, 98p, put on 3p apiece.

There was a fair turnover in the miscellaneous Industrial leaders, which closed a little below the day's best with improvements to 6, as in Unilever, 384p, after 386p. Gains of 5 were scored by Beecham, 295p, after 297p, Glaxo, 348p, and Reckitt and Colman, 307p, while Turner and Newall, awaiting next Tuesday's interim results, were 3 better at 115p. Elsewhere, Johnson Matthey were a weak exception with a fall of 15 at 240p, reflecting the sharp contraction in first quarter profits. Also in dull mood were Wolstenholme Bronze, 4 off at 66p, and Development Securities, 10 down at 213p, but Brittains, on better-than-expected half-time results, improved 2½ to 30p. BTR, following news of the good response to the "rights" offer, rose 5 to a peak for the year of 136½p; the half-time figures are due next Wednesday. Westminster and Country Properties put on 2 to 13p in front of annual results expected next Tuesday. European Ferries gained 2½ more at 66½p, in further response to the favourable "rights" offer terms and dividend and profits forecast. Gripperrods, 48p, and John M. Newton, 32p, both hardened 2 on their respective higher profits. Bentima put on 2 to 18p for a two-day gain of 6 on the increased interim profits. Redfearn National Glass rose 6 to 48p, James Dawson 5 to 47p, and R. W. Toothill another 4 to 52p, while Allied Polymer, interim figures due September 26, added 3 at 71p.

Motors and Distributors had another quiet session. Dunlop closed without alteration at 49p, while Rolls-Royce ended a penny better at 59p and Lucas Industries finished 2 firmer at 107p. Volvo gained ½ to £25¼ following the half yearly report. In Garages, Lex Service hardened a penny to 13p and Braid Group moved up 1½ to 14½p.
CC

Thomson returned to favour in a small way and rose 4 to 174p, while United Newspapers were similarly better at 202p. Associated steadied after Wednesday's weakness, which was allied to fears of a disappointing North Sea report, to close 2 harder at 92p. Paper/Printings were notable only for fresh buying of Transparent Paper, up 3 more at 42p. DRG picked up 2 at 96p.

Property leaders improved during a reasonable two-way business, helped by the successful outcome to the Land Securities "rights" offer of 10 per cent. Convertible Loan stock. Land Securities rose 7 to 161p and the Loan 1½ points to £52¼, while gains of 2 were registered in English Property, 56p, and MEPC, 87p, after 88p. Town and City Properties put on a penny to 20p. Secondary issues were also in firm fettle. Land Investors, 70p, and Haslemere Estates, 190p, gained 5 apiece, while United Real Property hardened 4 to 192p, Bernard Sunley 3 to 142p, and Argyle Securities, 2 to 45p.

BP rebound

Oils rebounded very quickly, influenced by both Middle East events and the general trend in equities. British Petroleum were outstanding, partly owing to stock-shortage, and quickly recovered from a mid-afternoon hiccup to close 18 up at the day's best of 538p. Shell followed with a gain of 8 to 334p, after 336p. Ultramar were a like amount dearer at 196p and Royal Dutch, on investment premium factors, improved ½ to £28½. Berry Wiggins spoilt the sequence by falling 5 to 66p on a report of a dry North Sea well. Overseas stocks, too, tended easier with Siebens (U.K.) down 15 at 605p and Sunningdale 10 lower at 430p.

Overseas Traders displayed a firming tendency. Lonrho closed a penny harder at 125p on the third-quarter profits expansion. Inchcape improved 9 to 379p.

Trusts and Financials contributed to the general firm market trend. Small buying ahead of to-day's interim results took Alliance 4 higher to 173p, while improvements of 5 and 10 respectively were seen in Derby Capital, 100p, and Jersey General, 335p.

Small improvements were seen in Shippings after a moderate business. P & O Deferred put on 2 to 84p, after 85½p.

Persistent small buying in a market short of stock helped Courtaulds harden 2 to 123p, after 125p, in mixed Textiles. John Crowther and Slimma both improved a similar amount to the common level of 30, but Stoddard "A" receded 2 to 23p on the profits setback. A sharp contraction in first half profits brought George Spencer down a penny to 28p.

Tobacco leaders gained ground as fresh investment demand found stock in short supply. Imps touched a 1975 high of 70p before closing a penny dearer on balance at 69p, while Bats rose 7 to 290p.

Guthrie edged forward 3 to 155p in quiet and little changed Plantations.

The firmness of the investment dollar premium gave some support to prices of the overseas Mining issues generally, but in the Australian group a rise of 8 to 128p in North Broken Hill was prompted by the rich lead-zinc-silver values obtained from further drilling of the ML 44 lease borehole. Broken Hill Proprietary, which is entitled to a half share in any profits from working this lease, gained 10 to 685p.

Among others in the Australian group, however, Western Mining fell 5 to 148p on news of the reduced dividend while reports of disappointing results lowered AM and S 3 to 99p. Profit-taking brought a fall of 40 to 570p in Pancontinental.

South African Golds moved narrowly in line with the bullion price which closed 50 cents up at $161.875 per ounce.

The Gold Mines index was 2.7 up at 344.9.

Notable rises in a generally firm Finance group were of 23 to 555p in Union Corporation and 15 to 445p in Anglo American. De Beers gained 5 to 323p and in Platinums Potgietersrust edged up 3 to 238p on a modest Cape demand.

In Coppers, ZCI gained 4 to 55p in front of the depressing quarterly report from Nchanga Consolidated Copper Mines, while Roan Consolidated put on 10 to 300p. Following news of the proposed full acquisition of the Datsun subsidiary, dealings were resumed in Messina which closed at 360p compared with the pre-suspension price of 350p.

A feature elsewhere was provided by Tara which jumped ½ to £11¾ on rumours that a lease had at last been granted for the Irish lead-zinc property. Tins remained firm on some investment demand Ayer Hitam (152p) and Berjuntai (325p) each rising 5.

FINANCIAL TIMES STOCK INDICES

—	Aug. 28	Aug. 27	Aug. 26	Aug. 22	Aug. 21	Aug. 20	A year ago
Government Secs.	60.87	60.87	60.98	60.94	60.35	60.60	54.12
Fixed Interest	60.78	60.65	60.61	60.52	60.27	60.46	53.75
Industrial Ordinary	322.4	315.9	319.6	315.8	304.5	300.7	218.2
Gold Mines	344.9	342.2	343.4	349.7	354.1	350.5	352.2
Ord. Div. Yld. %	6.45	6.59	6.52	6.59	6.82	6.88	9.02
Earnings Yld. % (full) (a)	18.46	18.86	18.66	18.97	19.66	19.86	24.24
P/E Ratio (net) (a) (b)	7.70	7.54	7.62	7.52	7.25	7.18	5.79
Dealings marked	5,180	5,430	4,795	5,173	4,477	4,707	4,680
Equity turnover £m	—	46.98	54.04	55.68	47.261	31.556	31.38
Equity bargains total	—	12,576	13,557	11,857	11,579	10,354	8,358

10 a.m. 317.8. 11 a.m. 317.9. Noon 322.1. 1 p.m. 323.2. 2 p.m. 323.9. 3 p.m. 324.0.
Latest index 01-246 8026.
(a) Based on 52 per cent corporation tax. (b) Nil=7.65.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.54 (20/5)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.31 (21/5)	50.53 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.5 (5/6)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	280.2 (20/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Aug. 28	Aug. 27
Daily—		
Gilt-Edged	166.9	185.8
Industrials	170.9	179.9
Speculative	39.7	50.0
Totals	117.9	123.6
5-day Average		
Gilt-Edged	183.6	197.1
Industrials	158.9	152.5
Speculative	42.3	45.0
Totals	114.1	111.9

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section.

	EQUITY GROUPS / GROUPS & SUB-SECTIONS	Thursday, August 28, 1975: Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Wed. August 27 Index No.	Tues. August 26 Index No.	Friday August 22 Index No.	Thurs. August 21 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	116.99	+1.8	19.66	6.91	7.58	7.58	114.95	115.61	112.08	108.11	77.91	151.86 (6/6)	51.78 (6/1)	206.37 (4/6/72)	16.70 (13/12/74)
2	Building Materials (30)	108.03	+3.9	15.72	7.83	9.61	9.60	103.98	104.70	100.61	96.41	75.39	117.40 (22/4)	45.11 (6/1)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	208.99	+2.1	17.21	4.41	8.75	8.75	204.76	207.36	193.76	188.91	117.06	251.61 (25/4)	74.74 (6/1)	389.33 (19/6/72)	71.48 (12/12/74)
4	Electricals (17)	218.62	+1.6	16.62	5.30	7.69	7.66	215.37	217.66	214.07	204.65	147.55	234.64 (6/6)	96.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/66)
5	Engineering (Heavy) (13)	157.17	+1.3	24.87	7.92	6.13	6.13	155.38	154.53	151.59	136.27	91.32	159.79 (22/4)	64.39 (2/1)	202.67 (6/6/73)	64.39 (2/1/75)
6	Engineering (General) (63)	100.10	+1.2	21.73	8.81	6.79	6.79	98.94	99.25	96.45	94.24	66.02	117.40 (6/5)	45.45 (6/1)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (9)	40.06	+1.1	19.46	10.39	9.58	9.56	39.62	39.46	38.86	37.84	28.87	48.98 (20/5)	20.11 (2/1)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (24)	97.60	−0.5	25.23	8.01	5.94	5.94	98.11	97.74	94.97	93.86	70.15	121.76 (6/6)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (57)	89.79	+1.9	20.12	6.85	7.26	7.24	88.07	89.09	85.68	83.29	62.25	93.15 (6/6)	38.39 (6/1)	227.76 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	107.09	+2.1	16.40	4.96	8.05	8.02	104.86	105.67	101.50	98.17	69.45	107.09 (28/8)	44.28 (6/1)	257.41 (19/6/72)	42.95 (12/12/74)
11	Household Goods (15)	135.00	+0.9	20.09	7.70	7.24	7.24	131.75	130.89	128.10	126.06	99.51	146.90 (23/4)	64.63 (6/1)	263.22 (4/5/72)	65.98 (17/12/74)
12	Motors and Distributors (27)	46.40	+2.1	23.46	10.06	6.12	6.09	45.45	44.95	44.75	43.52	34.68	50.91 (6/6)	19.91 (6/1)	170.89 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	131.87	+1.9	15.16	6.40	9.52	9.46	129.40	131.72	127.96	123.58	84.62	146.45 (6/6)	61.98 (6/1)	226.06 (16/8/72)	61.41 (13/12/74)
14	Breweries (16)	151.79	+1.6	13.12	6.70	11.53	11.63	149.36	152.49	146.87	139.41	98.40	183.85 (6/6)	75.58 (6/1)	261.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	141.90	+0.9	13.72	7.14	11.00	11.00	140.67	148.05	136.12	134.92	110.48	177.94 (9/7)	80.48 (6/1)	257.40 (13/7/72)	78.88 (13/12/74)
16	Entertainment, Catering (16)	150.24	−1.5	13.64	7.47	11.45	10.86	148.35	150.86	145.84	139.94	80.70	168.44 (27/6)	65.25 (6/1)	329.99 (12/12/72)	64.83 (6/1/75)
17	Food Manufacturing (22)	142.75	+0.9	14.39	5.59	9.55	9.51	141.47	142.14	139.98	136.32	81.95	156.57 (6/6)	62.03 (2/1)	211.65 (1/5/72)	59.77 (11/12/74)
18	Food Retailing (16)	134.10	+3.0	11.27	4.80	12.65	12.65	130.21	130.22	126.80	122.66	76.76	149.17 (4/6)	57.16 (2/1)	255.08 (15/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	128.57	+1.7	16.12	7.59	9.45	9.45	126.37	130.40	127.12	123.71	98.60	152.14 (6/6)	55.08 (6/1)	260.29 (18/1/72)	55.08 (6/1/75)
20	Packaging and Paper (13)	86.19	+0.7	25.06	8.34	5.86	5.86	87.57	88.56	86.64	84.15	62.58	107.12 (20/6)	45.46 (6/1)	135.69 (28/4/72)	45.46 (6/1/75)
21	Stores (31)	114.69	+2.1	12.88	5.69	12.11	12.11	112.31	116.24	111.41	107.51	72.83	132.94 (20/6)	52.63 (6/1)	204.39 (18/2/72)	52.63 (6/1/75)
22	Textiles (23)	133.82	+2.6	26.23	8.00	4.65	4.54	130.47	133.45	132.01	126.18	99.52	146.07 (27/6)	62.91 (6/1)	253.72 (17/9/69)	62.56 (11/12/74)
23	Tobacco (3)	185.99	+3.2	18.22	7.24	8.35	8.35	180.16	182.92	178.87	173.16	173.21	199.16 (10/3)	109.92 (6/1)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	45.36	+1.5	30.08	7.99	4.62	4.62	44.76	45.61	42.80	41.62	50.72	46.56 (28/8)	20.92 (6/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (82)															
25	Chemicals (24)	167.00	+1.1	20.81	5.49	6.88	6.85	165.24	165.68	163.68	159.50	106.86	189.17 (6/6)	73.14 (6/1)	201.92 (31/1/69)	71.30 (11/12/74)
26	Office Equipment (10)	76.08	+1.6	16.60	6.94	7.46	7.46	75.86	74.70	73.04	70.36	69.12	104.78 (17/4)	45.34 (2/1)	246.08 (1/8/72)	45.34 (2/1/75)
27	Shipping (12)	321.87	+1.5	26.66	7.45	4.84	4.68	317.15	320.12	315.55	308.60	255.21	401.84 (10/3)	194.38 (6/1)	517.00 (6/12/72)	90.80 (29/8/62)
28	Miscellaneous (46)	155.75	+1.0	20.17	7.60	7.25	7.25	152.39	153.76	129.65	126.48	93.05	163.56 (6/6)	60.39 (6/1)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	128.07	+1.7	17.89	6.63	8.10	8.06	125.96	127.38	124.01	119.98	84.94	143.43 (6/6)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	299.51	+2.9	24.57	5.07	4.37	4.07	290.94	297.24	293.45	286.56	154.90	299.51 (28/8)	105.65 (3/1)	451.66 (29/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	142.25	+1.9	18.98	6.29	7.11	6.95	139.63	141.44	138.01	133.75	90.93	156.14 (6/6)	63.49 (6/1)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	127.01	+1.6	—	5.65	—	—	124.98	126.63	123.09	117.34	86.03	148.45 (20/5)	56.50 (6/1)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	146.90	+0.9	20.51	5.45	7.54	7.54	145.56	146.52	144.59	136.89	102.06	177.11 (5/6)	62.56 (2/1)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	148.04	−0.1	—	8.17	—	—	148.26	146.95	146.95	144.68	104.27	169.27 (7/3)	84.13 (6/1)	293.13 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	92.88	−0.3	26.86	2.76	4.95	4.63	93.16	95.09	90.87	86.34	89.57	134.39 (10/3)	42.81 (6/1)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	109.10	+2.3	—	5.26	—	—	106.69	108.77	105.43	101.93	68.45	127.97 (25/4)	44.88 (2/1)	194.45 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	106.41	+1.8	—	6.19	—	—	104.52	107.25	102.39	97.04	56.12	123.90 (20/5)	44.47 (2/1)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (8)	194.80	−3.0	10.45	4.46	14.23	16.25	199.12	197.97	188.88	178.30	110.39	211.50 (20/6)	68.96 (7/1)	262.57 (12/12/73)	65.86 (16/12/74)
39	Merchant Banks (19)	82.44	+1.5	—	6.74	—	—	81.24	80.20	79.99	78.61	64.11	94.97 (7/3)	31.21 (7/1)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	161.29	+2.1	3.75	3.70	43.77	41.66	157.92	160.66	155.39	146.17	132.79	241.22 (22/4)	66.19 (7/1)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (5)	63.37	−0.9	17.86	10.50	8.25	8.17	62.86	62.66	63.10	60.59	58.94	75.78 (25/4)	34.78 (10/1)	303.13 (13/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	150.32	+1.6	3.50	4.69	30.33	30.31	147.90	146.47	145.08	142.91	95.49	178.53 (6/6)	73.43 (6/1)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	138.57	+1.8	—	6.07	—	—	136.10	137.69	134.37	129.92	89.54	154.09 (6/6)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (10)	413.58	+0.7	13.61	7.97	10.69	10.61	410.31	410.31	406.00	402.02	326.87	525.43 (23/5)	281.66 (2/1)	555.37 (23/7/73)	84.68 (25/6/65)
45	Teas (10)	100.86	+0.1	40.64	10.35	3.54	3.42	100.77	100.16	100.21	100.34	70.42	104.15 (18/7)	76.76 (10/1)	121.47 (1/5/72)	59.72 (17/10/74)
46	Coppers (3)	389.97	+4.3	[illegible]	19.37	1.99	1.59	373.84	373.84	377.01	370.01	367.07	467.74 (27/6)	349.52 (22/7)	667.78 (13/7/73)	94.08 (29/4/63)
47	Mining Finance (11)	124.70	+0.7	9.83	4.24	11.18	11.18	123.84	123.34	122.08	121.80	89.78	141.34 (30/5)	80.58 (22/1)	175.90 (22/4/69)	66.31 (30/9/74)
48	Tins (8)	86.76	+1.6	11.75	9.91	10.96	9.41	85.43	85.79	85.46	84.71	81.97	114.49 [illegible]	58.91 [illegible]	125.43 [illegible]	54.83 (27/6/71)
49	Overseas Traders (13)	210.63	+0.8	16.48	4.70	7.76	7.76	209.03	208.51	202.47	197.86	[illegible]	[illegible]	[illegible]	[illegible]	97.37 [illegible]

	FIXED INTEREST	Thurs. August 28 Index No.	Yield %	Wed. August 27	Tues. August 26	Friday August 22	Thurs. August 21	Wed. August 20	Tues. August 19	Monday August 18	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.18	14.17	14.17	14.14	14.24	14.13	14.05	14.02	15.87	[illegible]	[illegible]	[illegible]	[illegible]
2	20-yr. Govt. Stocks (6)	49.93	13.04	49.95	50.06	50.09	49.63	49.91	50.22	50.24	45.40	[illegible]	[illegible]	[illegible]	[illegible]
3	20-yr. Red. Deb. & Loans (15)	47.72	15.45	47.70	47.59	47.98	47.84	47.85	47.85	47.67	42.70	[illegible]	[illegible]	[illegible]	[illegible]
4	Investment Trusts Prefs. (15)	45.86	14.76	45.81	45.90	45.81	46.77	46.86	45.86	46.52	39.29	[illegible]	[illegible]	[illegible]	[illegible]
5	Coml. and Indl. Prefs. (20)	65.66	14.32	65.47	65.80	65.64	66.11	66.96	67.39	67.20	54.01	[illegible]	[illegible]	[illegible]	[illegible]

Section or Group / Base Date / Base Value; Section or Group / Base Date / Base Value: [illegible]

† Redemption yield. FT-Actuaries indices are calculated by Exctel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer. A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by inland post 18p. Commonwealth 19p. Foreign 22p.

CONSTITUENT CHANGES: [illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
Ladbroke	10p	18	171	+12	176	56
BP	£1	16	538	+18	555	190
ICI	£1	15	265	+2	303	115
Shell Transport	25p	15	334	+8	348	118
Land Secs.	50p	11	161	+7	251	79½
Assoc. Dairies	25p	10	190	+8	202	54
Bowater	£1	10	160	+3	175	60
Marks & Spencer	25p	10	106	+2	128	47½
Barclays Bank	£1	9	268	—	325	112
Burmah Oil	£1	9	28	+1	100	27
Hawker Siddeley	£1	9	298	+14	338	135
Assoc. P. Cement	£1	8	160	+12	172	64
Euro. Ferries	25p	8	66½	+2½	68½	25
GUS 'A'	25p	8	176	+3	226	56
Glaxo	50p	8	348	+5	427	198

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 19	Sep. 1	Nov. 13	Nov. 25
Sep. 2	Sep. 15	Nov. 27	Dec. 9
Sep. 16	Sep. 29	Dec. 11	Dec. 23

"Calls" were done in National Westminster Bank warrants, Slater Walker warrants, Premier Oil, Town and City, British Land and F. W. Woolworth. "Puts" were done in Boots, BSR and Sears, while "doubles" were arranged in Town and City, Hanson Trust, BSR and British Land.

Industrials							
		Grand Met.	7	Slater Walker	9		
		G.U.S. 'A'	17	Spillers	5	Mines	
A. P. Cement	16	Guardian	20	Tesco	6	Anglo Amer.	50
Assoc. Leisure	5	G.K.N.	22	Thorn "A"	17	Broken Hill Prp.	75
Barclays Bank	25	Hawker Sidd.	27	Tube Invest.	24	Charter Cons.	22
Beecham	26	House of Fraser	8	Unilever	36	Chart'ch'd Fin.	10
Boots Drug	12	Hudson (Wlms)	4	Utd. Drapery	10	Cons Gold	22
Bowaters	16	I.C.I.	21	Vickers	13	De Beers Def.	35
B.A.T.	30	"Imps"	7	Woolworths	6	F. S. Geduld	360
British Leyland	7	I.C.L.	7			Great Boulder	12
BOC Int.	5½	Inveresk	7	Property		Hampton Areas	15
Burton 'A'	9	Legal & General	13	Cap. Counties	4½	Hampton Prop.	4
Cadburys	6	Lloyds Bank	22	E.P.	8	Kloof	140
Courtaulds	12	"Lofs,"	6	Int. Europe.	6	Lonrho	13
Debenhams	6	"Mams"	6	Land Securities	18	Loraine	65
Distillers	13	Marks & Sp'ncer	11	Peachey	6	Metals Explor.	6
Dunlop	5½	Midland Bank	25	Town & City	4½	Poseidon	55
Eagle Star	13	Nat'l West Bank	22	Town & Comm.	4	Pres. Steyn	275
E.M.I.	17	P & O Dfd.	10			Rio T. Zinc	20
First National	3	Plessey	6	Oils		Welkom	56
G.R.A. Trust	4	R.H.M.	6	Brit. Petroleum	45	West Areas	76
Gen. Accident	16	Rank Org. 'A'	17	Burmah Oil	5	Western M'ng.	18
Gen. Electric	15	Reed Int'l	23	Shell	30	Zambia Copp.	10
Glaxo	40			Ultramar	21		

NEW HIGHS AND LOWS FOR 1975

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new highs and lows for 1975.

NEW HIGHS (36)

CORPORATION LOANS (1)
Bristol 6¼pc '75-77
AMERICANS (2)
Crown Zellerbach — UOP
CANADIANS (4)
Bank of Montreal — Hudson Bay Oil Gas
Can. Imp. Bank — Rio Algom
BEERS (1)
Bulmer (H. P.)
BUILDINGS (3)
Fairview Estates — NET
Milbury
CHEMICALS (2)
Allied Colloids — Brent Chems.
ELECTRICALS (4)
Ever Ready — Sangamo Weston
Lee Refrigeration — Ultra Electronic
FOODS (1)
Nurdin & Peacock
ENGINEERING (7)
Braham Hill — Tobenoil
Greening (N.) — Westland
Mining Supplies — Zinc Alloy
Rotork
FOODS (2)
Kwik Save — Matthews (B.)
INDUSTRIALS (6)
BTR — Plastocraft
Hanson Trust — Quality Cleaners
Do. 6½pc Conv. — Toothill (R. W.)
SHIPPING (1)
Fisher (J.)
TOBACCOS (1)
Imperial
TRUSTS (1)
Estate Duties

NEW LOWS (4)

STORES (1)
Executex
CHEMICALS (1)
Akzo
INDUSTRIALS (1)
RTD Group
SHOES (1)
Booth (Intl.)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	4	4	46
Corpns. Dominion and Foreign Bonds	25	—	56
Industrials	527	116	1,106
Financial and Prop.	282	28	378
Oils	6	11	16
Plantations	4	1	43
Mines	56	14	85
Recent Issues	23	18	34
Totals	927	194	1,762

BASE LENDING RATES

AFI International	10 %
Allied Irish Banks Ltd.	10 %
Anglo-Portuguese Bank	10½%
Henry Ansbacher	10½%
Banco de Bilbao	10 %
Banco de Jerez	10½%
Bank of Cyprus	‡10 %
Banque du Rhone S.A.	10½%
Barclays Bank	10 %
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	10 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	10 %
Co-operative Bank	*10 %
Copleys Bank	11½%
Corinthian Securities	10 %
Credit Lyonnais	10 %
G. R. Dawes	11 %
Duboff Brothers	11½%
Duncan Lawrie	10½%
English Transcont.	11½%
First London Secs.	10 %
■ Antony Gibbs	10½%
Goode Durrant Trust	10 %
Greyhound Guaranty	10 %
Grindlays Bank	10½%
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
Hawtin & Partners	18 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Industrial Bank of Scot.	10 %
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
Knowsley & Co. Ltd.	11½%
Lloyds Bank	10 %
London & European	11½%
London Mercantile	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Northern Comm. Trust	10½%
Norwich General Trust	10½%
Portman Guaranty	11 %
P. S. Refson & Co.	10 %
Rossminster Accept'cs	10 %
Royal Trust of Canada	11 %
Schlesinger Limited	10½%
E. S. Schwab	11½%
Security Trust Co. Ltd.	11½%
Shenley Trust	11½%
Standard & Chartered	10 %
Sterling Credit	12 %
Thames Guaranty	11 %
Trade Development Bk.	10 %
Twentieth Century Bk.	11½%
United Bank of Kuwait	10 %
Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10½%
Williams and Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposit 6½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7% and over £25,000 7½%.
‡ Deposit Base Rate 9½%.
§ Demand deposit 7½%.

CORAL INDEX
Close 320-325

I.G. INDEX
GOLD 160½-163½

INSURANCE BASE RATES

† Atlantic Assurance	11½%
Cannon Assurance	9%

† Address shown under Insurance and Property Bond table.

MONEY MARKET

Adequate credit

Bank of England Minimum Lending Rate 11 per cent.
(since July 25, 1975)

Day-to-day credit was in good supply in the London money market yesterday, but although a large surplus was indicated the authorities did not intervene. A net market take-up of Treasury bills was against the market's favour, as were maturing commercial bills and local authority bills, and settlement of gilt-edged sales. These however were outweighed by Government disbursements, which outweighed revenue payments to the Exchequer, overfull bank balances brought forward, a decrease in the note circulation, and further Savings 3 per cent. redemption money.

Discount houses paid between 9 per cent. and 10 per cent. for secured call loans in the early part, and at the close funds were still available at about 9-10½ per cent. in the inter-bank market overnight loans began at 9¾-10 per cent., and eased during the morning to 9¼-9½ per cent., before closing at 10-10½ per cent. Short-term fixed period interest rates were generally easier, and the three-month sterling certificate yield was quoted at 10⅞-10¾ per cent., compared with 10⅝-10⅞ per cent., and the one-year eased to 11⅛-10¾ per cent., from 11½-[illegible]

Rates in the table below are nominal in some cases.

Aug. 28 1975	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

AUTHORISED UNIT TRUSTS

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv. 20p	14	......
Ash Spinning	36	......
Bertam	18	......
Bdg'wtr. Est. 50p	115	......
Clover Croft	35	......
Craig & Rose £1	310	......
Dyson (R.A.)	30	......
Ellis & McHdy	58	......
Evans Fr'k 10p	35	......
Evered	10	......
Fife Forge	47	......
Finlay Pkg. 5p	14	......
Frost & Reed 50p	85	......
Gardiner & Sons	11	......
Gardner (L.)	70	+1
Graig Ship. £1	390	......
Hallam Sleigh 10p	5	+1
Higsons Brew	60	......
I.O.M. Stm. £1	120	......
Holt (Jos.) 25p	185	......
Kleen-e-Ze	17	−1
Lovell's Ship £1	115	......
N'thn. Goldsmith	90	......
P.M.A.	31	......
Pearce (C. H.)	60	......
Peel Mills	12	−2
Richards 10p	15	+1
RobbCaledon5p	20	......
Sayers 12½p	8	+2
Sheffield Brick	58	−2
Sheff. Refrshmt.	141	......
Shiloh Spinn.	26	......
Sindall (Wm.)	40	......

IRISH

Alliance Gas (£1)	45	+3
Carroll (P. J.)	112	......
Clondalkin	50	......
Concrete Prods.	60	......
Goodbody (£1)	38	......
Helton (Hldgs.)	28	−5
Irish Distillers	66	+1
Irish Wire	40	......
Jacob	52	......
Sunbeam	7½	......
Unidare	60	......

FOOD PRICE MOVEMENTS

	Aug. 28 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton†	800	800	845
British A.1 per ton†	795	795	840
Irish Special per ton†	795	795	840
Polish A.1 per ton†	—	—	—
Ulster A.1 per ton§	795	795	840
BUTTER (packet)			
NZ per 20 lbs†	7.09- 7.15	7.09- 7.15	7.09- 7.15
English per cwt†	42.92	42.92	41.14-41.16
Danish salted per cwt†	45.30-45.53	45.30-45.53	43.30-43.51
CHEESE¶			
English cheddar white rindless 40-lb per cwt	—	—	—
NZ per 20 kilos	15.61	15.61	15.61
EGGS*			
Home-prod. Standard	—	1.60- 1.80	2.45- 2.60
Large	—	2.00- 2.40	2.90- 3.10

	Aug. 28 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scotch killed sides ex KKCF	29.5—32.5	28.0—32.0	27.0—32.0
Eire forequarters	19.5—21.0	19.0—21.0	16.0—18.0
Argentine chilled rumps	—	—	—
LAMB			
English	30.0—32.0	27.0—32.0	29.0—32.0
NZ 2s-Ds	28.0—29.5	28.0—29.5	28.0—29.0
PORK (all weights)	24.0—34.0	23.0—32.0	24.0—32.0
MUTTON			
English ewes	10.0—11.0	9.0—12.0	12.0—13.0
POULTRY			
Broiler chickens	23.5—27.0	24.0—27.0	25.0—27.0

* London Egg Exchange price per 120 eggs. † Delivered. § London and National Provision Exchange price. ¶ For delivery August 30-September 6. ** FMC prices.

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 65¾% (based on $2.1098 per £)

CANADIANS

S.E. List Premium 65¾% (based on $2.1098 per £)

Conversion factor 0.6042 (0.6196)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الاصل

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, Etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
8½	5	Burma Mine 17½p...	8	.....	m0.5	—	1.7
65	17	Charterhall 5p....	54	–½	—	—	—
115	75	Colby Mines $1....	75¢	.....	—	—	—
760	360	Cons. Murch. 10c	690	+10	†Q120c	2.2	‡
53½	29½	Loraine [illegible].....	42½	+1	—	—	—
19	11	NRD $1....	13	+1	—	—	—
375	200	Northgate C$1....	285	+5	Q65c	1.0	9.9
211	80	R.T.Z.	170	–2	4.97	4.4	4.5
135	47½	Sabina Inds. C$1....	77	.....	—	—	—
81	51	Stanford Minca g....	64	–2	—	—	—
£12½	875	Tara Exploration $1....	£12¾	+½	—	—	—
75	38	Yukon Cons C$1....	66	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ◆ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✗ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment.

A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1974-75. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 16

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

FINANCIAL TIMES

Friday August 29 1975

Cosgrave asks U.K. for 'effective action'

BY GILES MERRITT

DUBLIN, August 28.

AS THE hunt for the bombers responsible for the Caterham explosion intensified, Mr. Liam Cosgrave, Ireland's Prime Minister, to-day urged the British Government to take "effective action" to end the current wave of sectarian terrorism.

In a rare and strongly-worded statement, for Mr. Cosgrave has remained largely silent on the Northern Ireland situation in recent months, he said in an interview here with the RTE state radio that he "deeply regretted" the Caterham bombing and expressed sympathy for the victims.

He said the Irish Government considered the present escalation of sectarian assassinations as "very serious" and it was its belief that effective action was now essential to bring the round of killings to an end.

Mr. Cosgrave called on the British Government, through its security services, to take "appropriate action." Earlier in the interview, Mr. Cosgrave had warned that violence and bombings were "inimical" to good relations between Ireland and Great Britain.

It seems unlikely that the attack is the prelude to a concerted Provisional IRA terror campaign in Britain. In Dublin and Belfast, Provisional IRA sources to-day disclaimed responsibility for the outrage.

News of the bombing was reportedly greeted with surprise in Provo circles last night and it has since been stressed that the IRA Provisionals consider their eight-month-old cease-fire to be still in operation.

But two detectives from the Surrey bomb squad are currently pursuing inquiries in Ulster, and there is increasing speculation that the Caterham blast may h6ave been the work of a Republican splinter group or even dissident elements inside the Provisional IRA.

In spite of the spate of sectarian violence in Ulster that has in the past three weeks pushed the death toll 200 per cent. above the rate during previous months, the IRA Provisionals have so far refused to react to mounting Loyalist paramilitary pressure with any firm threat to re-open overt hostilities.

In part, Mr. Rees' continued releases of detainees from Long Kesh—a further six were freed this week, leaving 216—has acted as a brake on a renewed terror campaign.

But militants inside seven Provisional IRA "brigades" in Northern Ireland are now reported to be increasingly restless and it is quite possible that similar activists inside Britain may now have acted without the authority of the Provisionals' ruling seven-man Army Council.

The prospects for a political settlement to-day receded still further, overshadowed by the fear that in spite of Mr. Merlyn Rees' protestations security in Ulster is breaking down. Irish concern on the question is not only reflected in Mr. Cosgrave's statement but in the call issued this week by the Fianna Fail opposition party that UN intervention should be given "early consideration."

The chairman of the constitutional Convention, Sir Robert Lowry, confirmed that the 78-man assembly will now reconvene on September 9.

His statement makes it clear that the inter-party negotiations on a new form of devolved government for the Province between the Loyalist UUUC coalition and the Catholic SDLP have broken down irretrievably on the power-sharing issue. Although the inter-party talks took place to-day as scheduled, for the third successive day, there seems no hope for an 11th-hour agreement.

Mr. Rees therefore faces not only open criticism from the Irish Government and from the leaders of both Protestant and Catholic communities in Ulster over the effectiveness of his security policies but also in the longer term a potentially dangerous confrontation with the Loyalists.

Unionist leaders have stressed that their 46-strong majority in the Convention intends to hand Westminster a report rejecting power-sharing, and has made it plain that if the British Government does not accept the report many of them plan to "abandon politics" in favour of violence.

Portugal sends troops to guard Angola river scheme

BY JANE BERGEROL

LISBON, August 28.

PORTUGAL is to follow up a verbal protest about the presence of South African troops inside its strife-torn colony of Angola by sending Portuguese troops to Southern Angola to protect the vast Cunene river scheme and encourage the South African Forces to withdraw.

Talks between Portuguese and South African Government representatives are being held in the Namibian capital of Windhoek in an effort to resolve the problem, although Portuguese sources stressed the talks would not necessarily lead to an immediate demand for South African withdrawal.

The verbal protest was made two weeks ago, when news of the troops' presence inside Angola around the Ruacana Falls hydro-electric area first reached Lisbon. South Africa wishes to protect the vast Cunene river development scheme which is vital to its interests in Namibia but the Lisbon Government is anxious that the South African presence across the border should not turn into a covert attempt to influence the fighting in the area between the rival armies of the socialist MPLA and Dr. Jonas Savimbi's Unita

Whether Portugal's original protest was merely a formal gesture made after it had tacitly agreed to South African assistance in protecting the hydro-electric scheme is not clear. But subsequent protests by Angola's liberation movements are clearly an embarrassment.

Meanwhile, a spokesman for the Armed Forces of the Socialist Popular Movement for the Liberation of Angola (MPLA) claimed that South African troops have advanced further inside Angola to take up positions at Namacunde—15 kilometres inside the frontier on the main road from the Namibian capital of Windhoek to Pereira d'Eca, capital of Angola's Cunene province.

The same spokesman said troops were also on their way further north towards Chiede, some 34 kilometres from the border. Both towns are around 160 kilometres east of the Ruacana Falls but could be considered of strategic importance because of their positions on main roads leading from Angola into Namibia (South West Africa).

South Africa began a systematic stiffening of its military presence inside Namibia along the Angolan border over a year ago, when it became clear the Portuguese Armed Forces Movement was moving to grant independence to Angola. It cleared Ovambos out of the border area to create a similar buffer area to the Caprivi strip.

The MPLA has controlled the neighbouring region of Southern Angola for some weeks now, after fighting and defeating Unita troops deployed in the area. MPLA is now accusing South Africa of attempting to intervene to reinforce Unita positions, particularly if, as MPLA claims, the invading troops push towards Ngiva. MPLA also accuses South Africa of seeking further "internationalisation" of the conflict inside Angola

In Lisbon, secret talks between the Socialist MPLA and Dr. Jonas Savimbi's middle-of-the-road Unita, Angola's two most widely supported liberation movements, continued again to-day with Unita reported more favourable towards MPLA than earlier in the week. The two movements are seeking agreement on a wide range of political issue

Healey calls for stronger world reflationary policies

BY PAUL LEWIS

GEORGETOWN, Guyana, August 28.

JAPAN, West Germany and the U.S. should adopt more reflationary economic policies, Mr. Denis Healey, Chancellor of the Exchequer, considers. He hopes to press for this at next week's annual gathering of world Finance Ministers at the IMF in Washington.

He told Commonwealth Finance Ministers here to-day that without such action by the stronger economies there was a danger that the expected upturn in world trade around the middle of next year would be delayed or prove inadequate. Developing countries, along with the industrial world, would suffer as a result.

The U.K. could not contemplate any expansion before next year's Budget because of its inflationary problems. He made it clear that he was looking to a strong upturn in foreign demand for British goods next year.

He said that Common Market countries recognised that more stable commodity prices, which Third World producers are demanding, would help sustain world trade by boosting the developing exporters' earnings. He urged Commonwealth countries to support the outline monetary reform package approved by the EEC at Venice this week, saying that further deadlocks were damaging to confidence and that the developing world stood to benefit from what the Europeans proposed.

In particular, the EEC countries were now ready to subscribe to a special low-interest section of the IMF oil facility to help developing countries pay for their oil imports, regardless of whether the U.S. helped or not. The U.K. also hopes that some of the $3bn. in aid which would be raised by the proposd sale of one-sixth of the IMF's gold could be made available to poor countries before the fund's articles have been formally changed to permit the metal's disposal.

Although the U.S. and many European countries have announced or plan reflationary action, the Treasury believes this still inadequate to the needs of the recession. Mr. Healey will use next Saturday's luncheon meeting of the so-called Group of Five in Washington to urge further action on his colleagues from the U.S., West Germany and Japan, who with the French Finance Minister make up this informal body.

Commonwealth Finance Ministers wound up their annual meeting to-night by giving a highly qualified endorsement to the so-called McIntyre Report on creating a new world economic order. The report is to be published and sent to the UN and other interested bodies as a contribution to the debate on narrowing the gap betwen rich and poor.

Britain and the other industrialised members have strong reservations about its wholehearted endorsement of world-wide system of commodity agrements with indexed prices, its call for increased development aid and the support it has given Third World demands for automatic debt relief and a stronger voice in the IMF and World Bank.

Pernas drops Haw Par deal

BY KEVIN RAFFERTY

PERNAS SECURITIES is dropping its controversial and complicated share deal which would have given it a 40 per cent., interest in Haw Par Brothers and through Haw Par control of London Tin, the largest tin mining company in the world.

But Tunku Razaleigh, the chairman of the Malaysian Government company, said in London yesterday that he was still seeking another partner for a deal with London Tin. He would be seeing his bankers to-day to discuss new proposals. A potential alternative partner "has been identified" said the Tunku, but he did not himself know yet who it was (there has been some speculation that Pernas Securities might now be planning a link with Charter Consolidated).

Tunku Razalegih said the new deal might involve buying Haw Par's 30 per cent. stake in London Tin. He would not say whether Pernas Securities, which itself holds 20 per cent. of the tin company, would be seeking a majority interest. "It is all a question of dollars and cents" he said.

The major problem of pushing ahead with the proposed Haw Par deal was one of time. "I can't wait for the Singapore Government to go through with a fine tooth-comb all the affairs of Haw Par," he commented.

He showed some bitterness at the attitude of the Singapore Government in holding up the deal, contrasting Singapore's attitude with that of London. In Singapore, he said, "everybody was getting over-emotional." He had discussions with the Bank of England, Inland Revenue, Treasury and Take-over Panel and would comply with the London takeover regulations.

Tunku Razaleigh stressed Malaysian need for a British partner with experience in mining business. "Quite frankly, we need to have the expertise. We will make every effort to retain the expertise in London Tin and to bring in new people if we need them."

Manufacturers cut capital spending by further 7%

BY MICHAEL BLANDEN

MANUFACTURING industry's capital spending dropped another 7 per cent. in real terms between the first and second quarters of the year, continuing the widely-expected slump in new investment.

Further evidence of the decline in industrial activity is also given by figures showing a drop in manufacturers' stocks in the second quarter of nearly £130m. in real terms—the first overall fall for 2½ years apart from the exceptional period of the three-day-week in early 1974.

Figures released by the Department of Industry show that capital expenditure by manufacturing industry, provisionally estimated at £462m. (at 1970 prices and seasonally adjusted), showed a similar fall to that recorded in the first quarter of the year.

During the first half of the year as a whole, capital spending, in volume terms, was about 9 per cent. below the second half of 1974. Recent indicators have suggested there will be a continued sharp drop during the current year, following the rise of nearly 12 per cent. in manufacturing investment between 1973 and 1974.

Review

The most recent survey by the department published in June indicated that manufacturing companies were expecting to invest 15 per cent. less in new buildings, plant and machinery during the current year, compared with last year.

This week's Review from the National Institute of Economic and Social Research, underlining the prospects of a sharp drop in industrial activity, suggested there could be a fall of nearly a quarter in fixed investment by manufacturing industry between the end of last year and the end of this.

The figures show that the fall in expenditure on vehicles has been much greater than on other assets, with the total in the first half of 1975 down by 25 per cent. compared with the second half of 1974. Falls in new building work and in plant and machinery were 7 per cent. and 8 per cent. respectively.

The distributive and service industries, excluding shipping, have shown a continuing downtrend in capital spending since the end of 1973. In the second quarter, their expenditure is provisionally put at £428m. in real terms, 1 per cent. lower than in the previous quarter.

Over the first half as a whole, their spending was 14 per cent. lower than a year earlier and 10 per cent. down compared with the second half of 1974.

Turnround

The drop in manufacturers' stocks covered all three categories of assets. The movement represented a sharp turnround in relation to work in progress and stocks of finished goods, where the previous four quarters had seen a build-up of stocks, particularly rapid for finished goods.

This may partly have reflected involuntary stock-building by manufacturers as the recession got under way.

The reduction in manufacturers' stocks of materials and fuel began earlier in the first quarter of this year. The fall in this sector during the second quarter is estimated to have been considerably less.

In spite of the fall, the ratio between stocks and output rose further in the second quarter to an estimated 108.4 (end 1969=100) at the end of June.

There were falls in wholesalers' stocks (down about £70m.) and retailers' stocks (down about £50m.) in the second quarter.

1969=100) at the end of June, because production dropped even more sharply.

FIXED CAPITAL EXPENDITURE

£m 1970 prices seasonally adjusted

	Manufacturing	Distributive and service	Shipping	Total
1973 Q1	458	526	154	1,138
Q2	443	515	99	1,057
Q3	488	528	99	1,115
Q4	476	545	146	1,166
1974 Q1	519	511	72	1,101
Q2	513	487	86	1,084
Q3	516	485	135	1,135
Q4	539	476	117	1,132
1975 Q1	497	434	99	1,030
Q2(P)	462	428	88	978

(P) Provisional
Source: Department of Industry

Saudi bank post for Lord O'Brien

BY MARY CAMPBELL

LORD O'BRIEN of Lothbury, retired Governor of the Bank of England, and Sir John Prideaux, chairman of National Westminster Bank, have been appointed directors of London's newest consortium bank, Al-Bank Al-Saudi Al-Alami (Saudi International Bank).

The chairman of the bank has been named as Sheikh Muhammed Abalkhail, the Saudi Arabian Minister of Finance and Economics. Mr. Edgar Felton, vice-president of Morgan Guaranty International Finance Corporation, has been seconded to the bank as chief executive.

The bank's authorised capital has been fixed at £25m. and the paid-up capital at £12.5m.

The Board of the new bank also includes Sheikh Khalid Algosaibi, Vice-Governor of the Saudi Arabian Monetary Agency (the Saudi equivalent of a Central Bank). It owns 50 per cent. of the new bank.

Under a technical assistance agreement, Morgan Guaranty will provide management services for the bank for its first five years. While Sir John Prideaux is the only director being appointed from any of the non-Saudi shareholding banks, other than Morgan Guaranty (which owns 20 per cent.), staff will be seconded from them. The other non-Saudi shareholders are Bank of Tokyo; Banque Nationale de Paris; Deutsche Bank; and Union Bank of Switzerland.

Training staff

A top priority with the new bank will be to train Saudis in the business of international commercial banking.

Over a period, it is intended that the bank should develop both international commercial banking services and merchant banking skills.

Although it is emphasised that it will not act as an arm of the Saudi Government, it will naturally specialise in business connected with Saudi Arabia.

Men and Matters Page 14; full list of appointments Page 21

Weather

VERY WARM or hot in S. Cooler elsewhere with occasional rain.

London, S.W., S.E., E, and Cent. S. England, E. Anglia, E. Midlands.

Fog at first, otherwise sunny. Perhaps thunder later. Wind light and variable. Max. 27C (81F).

W. Midlands, S. Wales, Cent. N. England

Fog at first, otherwise sunny. Cloudier later with outbreaks of rain. Wind light, variable. Max. 24C (75F).

N. Wales, N.W. and N.E. England, Lakes, I. of Man, Borders, S.W. Scotland

Cloudy, occasional rain. Perhaps brighter later. Wind light, variable, veering N. Max. 17C (63F).

Edinburgh, Dundee, Glasgow

Sunny intervals, mainly dry. Wind N., light. Max. 17C (63F).

Outlook: Rain at times in S., at first, otherwise sunny intervals and showers. Temperatures near normal.

Lighting-up: London 20.25, Birmingham 20.34, Glasgow 20.54, Belfast 20.56.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Alexandria	S	30	86	London	S	25	77
Amstrdm.	S	24	75	Luxembg.	S	23	73
Athens	S	29	84	Madrid	S	25	77
Bahrain	S	35	95	Manchstr.	S	24	75
Barcelona	F	26	79	Melbourne	S	11	52
Beirut	C	28	82	Milan	C	22	72
Belfast	C	21	70	Moscow	S	16	61
Belgrade	C	22	72	Munich	S	19	66
Berlin	S	22	72	Newcastle	F	24	75
Birmghm.	S	24	75	Oslo	R	17	63
Bristol	S	24	75	Paris	S	24	75
Brussels	S	24	75	Perth	C	15	59
Budapest	C	24	75	Prague	S	22	72
B. Aires	S	15	59	Reykjavik	R	9	48
Cairo	S	35	94	Rio de J'o.	S	25	78
Cardiff	S	23	73	Rome	S	27	81
Cologne	S	25	77	Singapore	S	30	86
Copnhagn.	S	22	72	Stockholm	F	20	68
Dublin	C	20	68	Strasb'rg.	S	23	73
Edinb'gh.	C	24	75	Sydney	S	16	61
Frankfurt	S	23	73	Tehran	S	27	81
Geneva	C	19	66	Tel Aviv	F	26	79
Glasgow	C	20	68	Tokyo	S	30	86
Helsinki	C	17	63	Vienna	S	21	70
H. Kong	C	26	80	Warsaw	S	23	73
Jo'burg.	S	24	75	Zurich	C	17	63
Lisbon	S	26	79				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	T	23	73	Jersey	S	22	72
Algiers	F	26	79	Locarno	F	23	73
Biarritz	S	25	77	Majorca	T	17	63
Blackpool	S	23	73	Malaga	S	26	79
Bordeaux	S	27	81	Malta	S	25	77
Boulogne	S	24	75	Nairobi	C	18	65
Casablanca	S	26	79	Naples	F	24	75
Cape Town	S	15	59	Nice	C	20	68
Corfu	S	29	84	Nicosia	S	30	86
Faro	S	28	82	Oporto	S	26	79
Florence	F	24	75	Rhodes	S	30	86
Funchal	F	24	75	Salzburg	S	21	70
Gibraltar	S	24	75	Tangier	S	28	82
Guernsey	S	21	70	Tenerife	S	21	70
Innsbruck	F	20	68	Tunis	F	29	84
Inverness	C	14	57	Valencia	S	27	81
I. of Man	S	20	68	Venice	C	22	72
Istanbul	S	28	82				

S—Sunny. R—Rain. C—Cloudy. F—Fair. T—Thunderstorm.

THE LEX COLUMN

Warrant gamble for Ladbroke

Index rose 6.5 to 322.4

Up a sixth in the past fortnight, Ladbroke rose another 12p to 171p yesterday on the interim statement and a dividend-inflating rights issue which boosts the ex-rights yield to nearly 7 per cent. But the affair is not quite cut and dried. The issue is one-for-one at par (10p)—and the warrant holders under their existing trust deed have the same rights as shareholders. In other words they could put up 10p in return for a share with an ex rights value of 90½p.

But life is not often like that. Holders are being asked to modify the rules and accept instead new warrants for twice the number of shares at a subscription price of 90.6p, which is a simple adjustment of the present 171.2p subscription price. These terms have to be approved by three-quarters of the votes cast in an extraordinary resolution of warrant holders, which may be quite a challenge. When the modified terms were originally framed, there was a modest sweetener worth about ½p per share in the adjusted subscription price. But the strength of the Ordinary has taken this away, and last night one or two holders were grumbling.

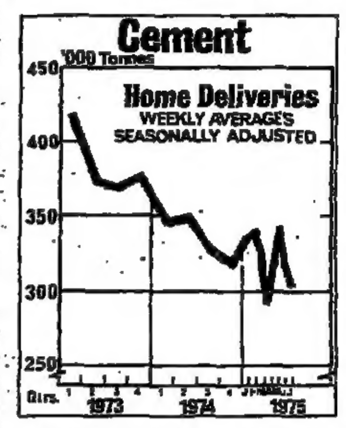
They may try to bluff Ladbroke into giving more. But any concessions would be at the expense of the equity, and most of the warrant institutional holders are apparently in the Ordinary as well. ICI pension fund, which holds options with similar rights, has accepted the change. And Ladbroke has produced an effective counter bluff by making the issue conditional on the warrant holders' co-operation. The recent strength in the Ordinary has pushed the warrants up by two-fifths, and of course gearing works both ways.

Meanwhile interim profits are £1.6m. higher at £5.1m. A lean spell in cash betting deflated last year's figures by about £1m., and the group is now moving ahead in all divisions. With the help of two new casinos, profits for the year could rise from £10.1m. to £12.5m. pre-tax, so the pre-rights capitalisation of £40m. is still some way short of growth status.

See also Page 17

AP Cement

Associated Portland has increased its profits for the first half of 1975 from £9.5m. to £19.1m. This is several millions higher than most external estimates, and the shares rose 12p to 160p yesterday for a 27 per cent. rise this month. The first half of last year was, of course, depressed by the three-day week and delays to price increases. Even so, profits have risen to comfortably above the previous interim peak in 1973, which is rather a paradox for a high break-even operation like cement at a time when deliveries are 5.9 per cent. down, following a 12.8 per cent. fall in 1974. But applications for a price increase are based on unit costs—now higher—so rises of more than 60 per cent. have been obtained since May last year. Although most of the profits advance has come from the U.K., about £1.5m. of the rise is explained by the acquisition of Hubert Davies in South Africa, only included for the last five months of 1974.



The overseas interests otherwise managed a "modest improvement" over last year's strong performance, and second half prospects are also good. But in the U.K. the group refers to a further decline in deliveries—apparently "very sharp" in recent weeks, as reflected in industry figures, published yesterday, showing a 9.5 per cent. drop in July deliveries from last year's level. AP Cement says this will have an "adverse effect" on profits, though even those outsiders who reckon that U.K. deliveries will fall by at least a tenth this year are now projecting maintained second half profits at worst for a total of £32m. This hope, together with projections of a pick-up in deliveries in the second half of next year, could extend the recent period of relative strength even further.

In Ireland the drop in cement deliveries was even sharper in the first half of 1975 with a decline of 13.9 per cent. So with other building material sales also down, Cement-Roadstone was able to restrict its interim pre-tax setback to a 4.8 per cent. drop to £4.28m. only thanks to sizeable price rises in January. The group is hopeful of a bottoming-out in the second half for full-year profits "close" to last year's pre-tax total of £8.23m. The yield is 7.5 per cent. at 64p.

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Hoechst

A year after the European chemical industry dipped abruptly into recession there is still no sign of early improvement: Hoechst, for instance, now indicates that its second half profits will stay in the doldrums. This comes after a fall in pre-tax profits for the parent company from DM180m. in the first quarter to just DM80m. in April-June, with a decline of almost 50 per cent. for the half-year. Group profits showed a similar drop—from DM950m. to DM460m. — although overseas demand was not quite as weak as in Germany itself, where January-June turnover declined by 5 per cent.

Compared with AKZO, which has plunged into losses, the German majors are helped by their lower exposure to fibres. In some areas in fibres and plastics, however, Hoechst is operating at little more than half capacity. One comfort is that Hoechst's dividend will be fixed in the light of conditions early next year. At any rate, the news held no surprises for the German market yesterday, with the shares up DM1.3 to DM130.8

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Lonrho

A 48 per cent. increase in the third quarter has taken Lonrho's attributable earnings after nine months up from £8.1m. to £10.8m.—but as usual the final three months is what really matters. Last year, the fourth quarter produced nearly half the overall earnings total: this time, sugar profits are apparently building up well, and exchange fluctuations will produce a very substantial bonus. The point is that the nine months' figures are still made up on the basis of last September's parities, and the Smithsonian depreciation has widened by a full 10 points since then. So earnings of £20m. are a reasonable hope for the market capitalisation of £127m. at 125p. Lonrho seems happy about next year's prospects, and the shares have picked up smartly after their recent setback.

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